FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,009 Monday November 5 1979 ***20p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 28; DENMARK Kr 4.25; FRANCE Fr 4; GERMANY DM 2.0; ITALY L 700; NETHERLANDS Fl 2.0; NORWAY Kr 4.25; PORTUGAL Esc 35; SPAIN Pts 60; SWEDEN Kr 3.75; SWITZERLAND Fr 2.0; EIRE 20p

NEWS SUMMARY

GENERAL

Moslems storm U.S. embassy

Moslem students stormed the U.S. embassy in Tehran, seized an estimated 90 Americans, and vowed to stay there until the deposed Shah was sent back from New York to face trial in Iran.

Iran's biggest political grouping, the Islamic Republican Party, backed the embassy occupation. In a state television broadcast the IRP said: "The party defends this action and knows the U.S. to be an enemy of the Iranian nation."

A spokesman for the Ayatollah Khomeini said the occupaton had the Ayatollah's personal support.

O'Rourke held

IRA member Michael O'Rourke, who in 1976 blasted his way from a top security prison in Eire, faces a deportation hearing in the U.S. O'Rourke, wanted for questioning in two suspected IRA bomb slayings, is being held in the Salem County, New Jersey, jail on charges of violating U.S. immigration laws.

O'Rourke was listed as Ireland's public enemy number 1 in January 1977 after police linked him to the 1976 bomb assassination of British ambassador Christopher Ewart-Biggs.

Mountbatten trial

One of Dublin's tightest security operations has been mounted for the trial of two men accused of murdering Lord Mountbatten. The case, at Dublin's anti-terrorist Special Criminal Court, is expected to last at least three weeks. The courthouse will be the centre of round-the-clock Irish army and police activity.

Casino charges

Fourteen people have been charged after police raids on four of London's top casinos. Scotland Yard said the 14—mostly men—would be charged with conspiracy to steal and/or Gaming Act offences. More than 450 police and Gaming Board officials were involved in the swoop on the West End clubs, all owned by Corals.

Armed attack

Six people were reported killed and 21 injured when armed forces tried to take over the headquarters of Bolivian coup leader Colonel Alberto Natusch. It was unclear whether the Colonel had been ousted. Page 2

Iraq's navy plan

Iraq, determined to assert itself as the dominant power in the oil-rich Gulf, plans to double the size of its navy. Iraqis have presented naval equipment shopping lists to suppliers in the Soviet Union, France, Britain and Spain. Page 2

Five accused

Five men will be charged with murder and conspiracy to murder following the discovery of a handless corpse in Lancashire three weeks ago. The men will be accused of killing New Zealander Christopher Johnstone, 27, thought to be leader of an international drug smuggling ring.

Briefly . . .

Atomic power station reactor in Northern Japan stopped automatically after trouble in the condenser pump.

Bjorn Borg of Sweden beat Jimmy Connors of the U.S. 6—2, 6—2 to win the $300,000 World Super Tennis Tournament in Tokyo.

At least 18 people were killed by shock waves from an undersea earthquake in West Java.

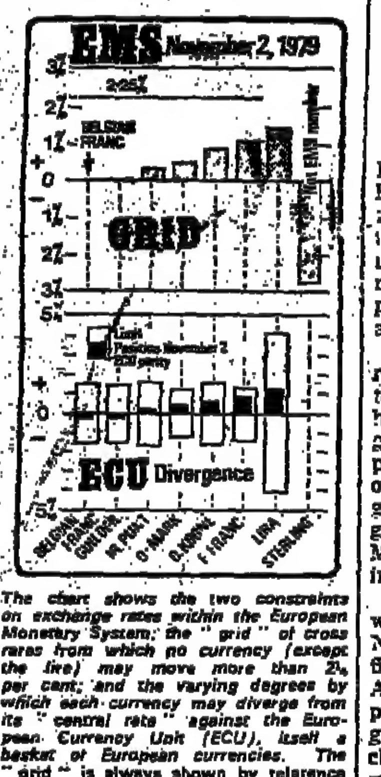
BUSINESS

Secret reserves theory supported

● CONFIDENTIAL internal clearing bank report supports the view that the clearing banks' annual accounts contain secret reserves, in breach of the Companies Act. Back Page; News Analysis, Page 7

● EUROPEAN Monetary System underwent little change in order of strength last week, despite changes in European interest rates. The Italian lira remained the strongest currency, followed once again by the French franc and the Danish krone. Following the 1 per cent rise in the Bundesbank discount and lombard rates the D-mark overtook the Irish punt in the system, while the Belgian franc and Dutch guilder vied for the weakest position.

The Belgian currency finished the week as the bottom currency, but the guilder may have been boosted slightly by the ½ per cent rise in the Netherlands discount rate immediately after the German move. Outside the EMS, the Swiss National Bank and Bank of Japan maintained the upward pressure on world interest rates by increasing their discount rates, while sterling has fallen so sharply that it is about equal with the Irish punt.



The chart shows the two constraints on exchange rates within the European Monetary System; the "grid" of cross rates from which no currency (except the lira) may move more than 2¼ per cent; and the varying degrees by which each currency may diverge from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies. The "grid" is always shown by reference to the weakest currency in the system, which is the base line in the top chart.

● MICROELECTRONICS Industry Support Programme, which began with a £70m budget, has had its allocation cut by at least £15m, and possibly as much as £25m. Back Page

● BL pay talks open today with management insisting it can afford a 5 per cent increase plus self-financing productivity deal in exchange for radical changes in working methods and an end to restrictive practices. Page 9

● ITALY is willing to increase the $1bn eight-year credit line which it granted to China last May to boost economic and commercial co-operation between the countries. Page 2

● MANAGEMENT is partly responsible for Britain's poor productivity record, Industry Secretary Sir Keith Joseph is to tell a meeting of the National Economic Development Council. Page 4

● COMPANIES interested in buying the State-owned Fairey group are pressing the Industry Department to persuade the National Enterprise Board to sell it quickly. Neither the NEB nor Fairey seem to want a quick sale. Page 18

CONTENTS

For latest Share Index 'phone 01-246 8026

Hunterston port settlement to rest with Government

BY NICK GARNETT, LABOUR STAFF

A proposed settlement of the inter-union ore terminal dispute at Hunterston, over which the British Steel Corporation is prepared to suspend production involving 9,000 people at Ravenscraig, one of its biggest steelworks, was yesterday put in the lap of the Government.

Because of the dispute, which has kept the £100m terminal idle since its completion in May, oresupplies to Ravenscraig have become chatoic and the steelworks has been responsible for losses within the corporation's Scottish division of more than £1m a week.

The implementation of a manning agrement—reached at the weekend between the Transport and General Workers Union and the Iron and Steel Trades Confederation—on the Government agreeing to start the process needed to make Hunterston a general port at which dock work be rserved for dock workers.

Officials of the two unions, together with Mr. Len Murray, the TUC general secretary, are to ask Mr. James Prior, the Employment Secretary, possibly at a meeting this evening, to start discussions to make Hunterston a general port. Their submission is supported by the corporation and by the Clyde Port Authority, which operates Hunterston.

However, a major question remains about the response of the Transport and General Workers Union dockers affected by the agreement reached after 13 hours of talks at the TUC. The agreed manning arrangements are little different from those accepted by the corporation and the Iron and Steel Trades Confederation which touched off the original dispute at the beginning of the year.

They are also similar to the agreement made by national union officials of the two unions several weeks ago, which were eventually rejected by the dockers.

Saturday's talks included lay members of the West of Scotland docks committee who unanimously accepted the proposed arrangements. Some union officials indicated that committee members had been given powers to reach agreement on behalf of the dockers.

It may still be difficult to sell the arrangements to the dockers. Their original opposition, however, is likely to be softened if the Government decides to start procedures under the Dock Workers Regulation of Employment Act to eventually bring Hunterston into the Dock Labour Scheme.

The Government is not keen to extend the scheme, but has already told union officials that if they reached agreement on Hunterston it would agree without commitment to consider the request to make Hunterston a scheme port.

A letter sent by Mr. Murray to Mr. Prior after the talks says that once the Government has decided to begin the process to do that, "the agreed arrange-

Continued on Back Page

Carrington under pressure to modify Rhodesia plan

BY MICHAEL HOLMAN

LORD CARRINGTON, the Foreign Secretary and chairman of the Lancaster House talks on Rhodesia, is coming under increasing pressure to renegotiate elements of Britain's plan for pre-independence arrangements.

When delegates to the talks, now in their ninth week, meet today, the Foreign Secretary is hoping the Patriotic Front guerrilla alliance will accept proposals for a 2-3 month period of direct rule under a British governor. The Salisbury delegation, led by Bishop Abel Muzorewa, has already agreed in principle.

But in a BBC interview this weekend, President Julius Nyerere of Tanzania, the influential chairman of the five African front line states supporting the Patriotic Front guerrilla alliance, called for changes to security arrangements and the timetable—though indicating that many provisions in the plan were acceptable.

The plan envisages a two-three month period of direct rule under a British Governor, who would use the existing civil service for day to day administration and the police force to maintain law and order. But President Nyerere called for a Commonwealth force to strengthen the authority of the Governor and to monitor a ceasefire. The transition period should be longer, he said, to allow the Front more time to organise, and the Rhodesian police should be "cleaned up" by the appointment of British officers.

The first official reaction to the plan from Front co-leaders Mr. Joshua Nkomo and Mr. Robert Mugabe has been hostile. At a Press conference on Saturday, both men repeated their objections to the time-table and to security arrangements.

But they did not reject the plan outright, and will have noted the President's apparent willingness to accept some of the major provisions in the British plan. He did not challenge the principle that the Governor should have full executive and legislative powers —despite the Front's demand for a power sharing council—or Britain's view that it was impractical to replace the existing Rhodesian administration before the election.

Last night, Front officials in London were stressing that Lord Carrington "should not feel he is being put in a spot. We are accepting important parts of his plan, but there are weak areas which need further negotiation and the Front should not be presented with an ultimatum."

However, the Foreign Secretary is anxious that the talks move on to discuss a ceasefire in the guerrilla war as soon as possible. Government Ministers have to decide by Thursday what to do in the House of Commons about renewal of the Rhodesian sanctions order. It runs out on November 15 and many Tory back benchers would oppose its continuation.

● Rhodesian troops ended a two-day raid into neighbouring Zambia on Saturday, the third such attack since the Lancaster House talks began.

Japan faces leadership vote

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

THE JAPANESE Diet may this afternoon find itself in the unprecedented situation of having to choose between two rival candidates from the ruling Liberal Democratic Party for the premiership. For the party has failed to resolve a month-old leadership crisis caused by arguments over responsibility for the "poor" October election results.

Prime Minister Masayoshi Ohira, who was responsible for calling the election, in which the LDP only just managed to win a majority, seems to be supported as the party's leadership candidate by about half the LDP members in the Lower House. His rival, Mr. Takoo Fukuda, has been nominated by the three main "anti-mainstream" factions which have been demanding Mr. Ohira's resignation since early October. A handful of Diet members have yet to declare their affiliations so that it is impossible to be sure which of the rival candidates will be elected.

Elections for the premiership in the Lower House are based on the principle that the winner must secure more than half the 511 votes at stake. If Mr. Ohira and Mr. Fukuda both run in this afternoon's poll, the probability is that neither will emerge as clear winner after the first ballot, given that the Opposition parties will also be fielding candidates.

This means that a run-off election will have to be held between the two candidates who come top in the first ballot. It is uncertain whether Mr. Fukuda's supporters would vote for Mr. Ohira in such a run-off (or vice versa).

Organisers of the Fukuda leadership campaign appeared to be making efforts over the weekend to persuade members of the smaller left of centre parties in the Diet to vote for their man, but the parties concerned (the Democratic Socialists and the Komeito) are thought to have refused.

The tiny New Liberal Club (a conservative splinter group with three Lower House seats) might throw in its lot with Mr. Ohira, chiefly because the NLC is badly in need of funds which the Liberal Democrats under Mr. Ohira may be able to provide.

Ministers determined on BBC cuts

BY RICHARD EVANS, LOBBY EDITOR

MINISTERS are maintaining their determination to press ahead with the cuts in the BBC's external services budget in spite of a growing revolt by Conservative MPs which threatens defeat for the proposal when it comes before Parliament.

Tory rebels, led by Mr. Julian Critchley, MP for Aldershot, are to seek a meeting with Mrs. Thatcher this week in an attempt to persuade her to abandon the cut of £2.7m. But the view in Whitehall is that a climbdown at this late stage would damage the Government's credibility over its public spending curbs.

If the Government sticks to its plans, announced as part of the major public expenditure review last week, it is hard to see how it will force the proposal through the Commons if a vote can be engineered. More than 90 Tory back-benchers have signed a motion condemning the cuts, and many have said they would vote against them.

Mr. Callaghan and other opposition leaders have already criticised the cuts. It would require in theory only 22 Tory MPs to join the opposition to defeat the proposal.

The opportunity for a vote could come later this month. The Opposition is pressing for an early debate, and the Tory rebels would then table an amendment to the Government motion which would produce the required division.

The Government's argument is that every area should contribute to the stabilisation of public expenditure, and the cuts in the BBC's external services budget have been kept to a minimum—the original proposal was for a reduction of £4m.

But the Government's critics maintain the cuts are extremely short-sighted.

Mr. Peter Shore, shadow foreign affairs spokesman, said at the weekend that the Government should cancel its "absurd but damaging" cut if it had any serious concern for British influence and reputation.

Bankers agree to Chrysler waiver

By Ian Hargreaves in New York

CHRYSLER Corporation's bankers have given the Treasury's $1.5bn package to save the company a month's breathing space by agreeing once more to waive default clauses on loans of $800m.

Chrysler, because of its dwindling working capital, has been in breach of the terms of these loans for three months, and a previous monthly waiver expired at midnight last Wednesday.

This weekend, following the Carter administration's decision to recommend that Congress should authorise $1.5bn in loan guarantees for the company, the bank agreed to renew the waiver.

This is the first definite indication of the bank's reaction to the terms of the proposed Chrysler rescue, but it suggests only a willingness to explore those terms rather than whole-hearted approval.

One foreign banker said: "The Treasury package is a very significant and positive step. It will give the banks more time to work out the situation."

But other banks with heavy involvement in Chrysler's more than $4.5bn of debt are still saying that the complexities involved in reorganising of Chrysler may still be impossible without the banks seeking the protection of the bankruptcy court.

Much will depend on the extent to which the banks are pressed by the Treasury to accept reduced security on their existing loans to the company.

There is also certain to be a tough fight over which assets Chrysler sells. Under the terms of the Treasury announcement, Chrysler has to raise an additional $1.5bn through asset sales or loans from banks, financial institutions and other interested parties, such as trade unions and local government.

Banks are unwilling to extend their commitments and are well-advanced in negotiations to reduce from $1.5bn to $1bn a revolving credit for Chrysler Financial, the dealer and customer financing arm of the motor company.

A number of deals seeking to aid Chrysler are now tabled with Congress, but Senator William Proxmire, the Democrat who heads the Senate banking committee, has made it clear that he is in no hurry to deal with the administration's Bill.

He has said that hearings on the Bill will not start until November 19.

Chrysler rescue feature, Page 16

FT BUSINESS OPINION SURVEY

Confidence at two-year low

BY DAVID FREUD

Business confidence is at its lowest point since the end of 1976, according to the Financial Times monthly survey of business opinion, published today.

The survey provides evidence that companies are also starting to cut back heavily on their investment plans. They also expect a sharp cutback in employment.

The main causes of the fall in confidence were prospects of a recession and the industrial relations climate.

Companies expect profit margins to be badly hit, especially as their expectations for employee earnings continue to rise.

However, there are signs that they plan to try to push up export volume and to keep the level of stocks from rising as home demand softens.

The latest survey—carried out last month—covers non-electrical engineering; chemicals and oils; and shipping and transport-related industries.

The results must be interpreted with some caution, since attitudes in the engineering sector were affected by the recent industrial dispute, while the special position of oil companies creates an off-trend bias, especially on profits and exports.

There was a general expectation among all three sectors that their labour forces would decline. The employment index shows that 24 per cent more companies expect their labour forces to fall over the next 12 months than expect them to rise.

This is sharply lower than the 14 per cent figure recorded in September and the 5 per cent typical over the previous three months.

There was also a sharp drop in plans for capital expenditure over the next 12 months. The index covering this is at the lowest point for 17 months.

The median expected increase in wages over the next 12 months rose from 14.9 per cent in September to 16 per cent, while the median for the rise in total unit costs was up from 13.4 per cent at 13.7 per cent.

Details, Page 8

CBI launches campaign to combat big pay rises

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A CAMPAIGN to bring down the level of pay settlements and boost productivity by appealing directly to individual managers and employees, was launched last night by the Confederation of British Industry.

The campaign is part of the CBI's attempt to persuade companies to respond to the Government's initiatives and help reverse the UK's economic decline. It stands alongside other plans to change the balance of power in industry, which include a strike fund being designed for CBI members.

The campaign is being launched at a time when businessmen are becoming increasingly worried about the prospects of union militancy this winter, with company pay deals already rising to about 20 per cent.

On the eve of their annual conference in Birmingham, CBI leaders also applauded BL's successful appeal to its employees over its cutback plans.

They said this route should be tried by companies on key issues when unions did not keep agreements. Companies should also communicate directly with employees as well as through their unions.

Company directors are also to be better briefed on their workers' views and on other social and political issues through a new Business Attitudes Guide, which the CBI is to launch next year with an opinion survey organisation.

The aim is to help companies deal with employees and pressure groups by giving them information from surveys of "benchmarks of public and informed opinion."

Pamphlets and cassette tapes are also being prepared to explain economic problems in simple terms.

Sir John Methven, CBI director general, stressed the importance of this yesterday when he repeated his warning that the UK could have 3m unemployed by 1984 if economic trends were not reversed.

In its first leaflet called Pay

Continued on Back Page
CBI feature, Page 17

UAE seeks higher price for oil exports

By James Buchan in Jeddah

THE CHAOS in the pricing structure of the Organisation of Petroleum Exporting Countries and the divisions within the organisation worsened yesterday in Jeddah when the United Arab Emirates indicated that it will seek to re-establish the price differential on its crude.

Dr. Mana Said Otaiba, the UAE Oil Minister, also warned that the UAE will no longer feel itself bound by OPEC decisions if the present flouting of them by producers continues.

Dr. Otaiba said that the UAE is seriously considering reducing its oil production next year, as Kuwait and Libya have also threatened. UAE production is now 1.4m barrels a day, but the loss of as little as 500,000 b/d would seriously increase upward pressure on prices.

The statement was made in Jeddah to the official Saudi press agency, and given the traditional alignment between Saudi and UAE oil policies, it is conceivable that he was speaking without Saudi knowledge.

Since July 1, the UAE's main crude variety, Abu Dhabi Murban has been sold at $21.56 a barrel. Because of its low sulphur content at 39 degrees API, it is relatively easy to refine and thus more expensive than heavier crude.

This differential became meaningless last month when Iran lifted its 34 degrees API Iranian Light to $23.50—which was within the ceiling but unrealistic in terms of the price structure. Dr. Otaiba said: "The price we charge for our oil—i.e. $21—has become obsolete."

"The UAE's present oil production is extremely high and cannot possibly be sustained," Dr. Otaiba added. But he left the final decision whether, and by how much, to cut present production until next month's OPEC meeting in Caracas.

Iraq 'plans to double size of navy'

BAGHDAD—Iraq is planning to *double the size of its navy* as part of an ambition to assert itself as the dominant power in the Gulf, according to European diplomatic sources here.

The Iraqis are believed to have presented shopping lists for naval equipment to suppliers which range from the Soviet Union to France, Britain, and Spain.

The equipment requests, the sources say, would roughly double the size of the navy, reflecting Iraq's desire to become leader of the Gulf, a role which has been vacant since the Shah of Iran was ousted last February.

Iraq's shopping list includes frigates, missile-equipped fast attack craft, torpedo boats, tank landing craft, speed boats and a variety of electronic monitoring and guidance equipment, according to European sources with access to the Iraqi naval establishment.

The Iraqi leadership under Saddam Hussein, the tough, 42-year-old former underground fighter who became President in July, regard the strengthening of the 4,500-strong navy as a high-priority task.

"It is obvious that Iraq wants to be the leader of the Gulf," said a Western envoy. "It is equally obvious that the leaders here are deeply worried about Iran."

That concern deepened last September when the 28,000-strong Iranian navy staged a six-day exercise in the Gulf, the first since the overthrow of the Shah.

The exercise, which was denounced in Baghdad, lent urgency to Iraq's plans to build up its navy. "They are in a hurry," one diplomat said. "They have presented similar lists to a number of countries and are now comparing prices but speed of delivery will play a major role in their decision."

The Iranian naval manoeuvres jolted Arab states on the western shore of the Gulf into consultations on the security of their area which is vitally important to the West.

In what diplomatic observers here see as a major setback to Iraqi ambitions in the region, the six Gulf states meeting in the Saudi Arabian mountain city of Taif last month pointedly failed to invite Iraq.

The meeting grouped Saudi Arabia, Kuwait, Qatar, Oman, the United Arab Emirates and Bahrain. Topics included an Omani proposal for Western participation in assuring the security of the Gulf's oil routes.

A Saundi statement at the end of the conference indicated that the Omani proposal had been turned down.

Reuter

Israel seeks Cairo energy deal

BY ROGER MATTHEWS IN CAIRO

MR. EZER WEIZMAN, Israel's Defence Minister, will see President Anwar Sadat today in another effort to resolve the dispute over the price Israel will pay for Egyptian oil. Egypt has agreed to supply Israel with 2m tonnes each year under the terms of the peace treaty.

Israel is understood to be offering about $23.50 (£11.40) a barrel, while Egypt is demanding a figure much closer to the $32.50 that it has received for some months on the Rotterdam spot market. In the past few weeks Egypt is believed to have been getting up to $40 a barrel for specific shipments, and this may well harden its negotiating stance with Israel.

The selection of Mr. Weizman, not a man noted for his knowledge of the oil industry, to negotiate with Mr. Sadat thus becomes even more important. The Israelis are obviously counting on the personal rapport between Mr. Weizman and President Sadat to overcome the diffilcuties — a tactic that has not been lost on senior Egyptian officials.

They fear that Mr. Sadat may be persuaded to sell the oil at a price that will reduce the major impact that crude sales have been having on the Egyptian balance of payments. Latest estimates show that Egypt may earn more than $1.1bn from oil sales this year and that this will push the external account into overall balance in 1979. Egypt is officially forecasting earnings of about $900m.

With Israel due to hand back the Alma oil field in the Gulf of Suez later this month an agreement on price is needed fairly quickly.

Black union blow to S. African labour laws

BY QUENTIN PEEL IN JOHANNESBURG

THE MAJORITY of independent black trade unions in South *Africa decided at the weekend* not to register under the new Labour dispensation unless they are allowed to remain non-racial in both membership and control.

If they are refused registration on that basis it will leave a big hole in the South African Government's attempt to bring *black workers' organisations* within the labour laws.

The decision by 17 unregistered black unions is the most representative black response so far to the proposals of the Wiehan Commission which *argued that black unions should* be recognised within the law.

However, several other black unions—the so-called parallel unions organised under the umbrella of existing white trade unions—are expected to register.

The weekend meeting involved 14 unions belonging to the Federation of South African Trade Unions (FOSATU) and three other black unions based in the Cape Province. There are about 30 black unions currently operating in the country outside the labour laws.

The 17 unions decided on *three preconditions for registration.* Apart from insisting on their unions being allowed to remain "completely non-racial in their membership and control" they also demanded that "provisional registration," as proposed by the Government, be done away with in favour of final registration. They also called for existing unions to be recognised and said that registration should not be used as a means of fragmenting the union movement.

The other issue which has concerned the black unions is *that migrant workers from the* tribal homelands, who make up at least one third of black workers in the country, are not granted the automatic right to belong to trade unions.

The independent unions are also concerned that both Government and individual managements — particularly of *foreign* multinationals — will actively encourage the more conservative parallel unions and thus try to eliminate the independent union movement.

Herr Genscher . . . plea to Eastern Europe

Genscher attacks Eastern 'threats'

By Roger Boyes in Bonn

HERR Hans Dietrich Genscher, the West German Foreign Minister, yesterday stressed that Bonn was willing to hold arms control talks with *the Warsaw Pact* countries. Appealing to the East to stop issuing "threats," Herr Genscher said this would lead to a "deterioration of the negotiating climate" and cast doubt on the constructive aspects of the recent speech by Mr. Leonid Brezhnev, the Soviet leader.

His statement was a response to the flurry of criticism from the Soviet Union and East Germany over the past few days. On Saturday, Pravda, the Soviet Communist Party newspaper, accused Herr Genscher of misleading the West German public about the balance of medium range weapons in Europe and of ignoring Mr. Brezhnev's offer to withdraw troops and tanks from East Germany.

Earlier, Herr Erich Honecker, the East German leader, warned that an expected decision by NATO in December to produce and eventually deploy new medium range weapons in Europe would have "negative results" for East-West relations and for East and West German relations.

Herr Genscher said yesterday that the new weapons—Pershing 2 and Cruise missiles capable of reaching the Soviet Union—could not, for technical reasons, be deployed before the middle of 1983 at the earliest. This gave both NATO and the Pact several years to reach agreement controlling deployment of their respective weapons.

But it also meant that the *Soviet Union* had until 1983 to increase the number of SS-20 missiles in the Western parts of the country and thus consolidate its superiority in the East-West balance of medium range weaponry. This, said Herr Genscher, was the real complicating factor in future negotiations.

There has been some concern in Bonn that the Brezhnev speech would discourage a few of the NATO allies—notably Holland—from agreeing to the production and stationing of new nuclear weapons in Europe. This could cause political problems for Bonn because it is determined *not* to be the only Continental non-nuclear power with Euro-strategic weapons on its soil.

Italy willing to increase $1bn credit to China

BY PAUL BETTS IN ROME

ITALY IS willing to increase the $1bn eight-year credit line it granted to China last May to amplify economic and commercial co-operation between the two countries.

This appears to be the first major result of the four-day Italian visit of Hua Guofeng, the Chinese chairman, who arrived here on Saturday on the last leg of his European tour.

After preliminary talks with Sr. Francesco Cossiga, the Italian Premier, and Italian economic ministers, it emerged that China is particularly interested in Italian co-operation for the modernisation of its agricultural sector.

In this respect, the visit is expected to consolidate already advanced negotiations between China and the Turin Fiat car group for an eventual deal estimated at some $600m, whereby Fiat would supply tractors to China and modernise existing Chinese agricultural machinery plant.

Mr. Yu Qiuli, the Chinese Deputy Prime Minister, flew to Turin yesterday to visit Fiat plants and other factories specialising in agricultural machinery and machine tools. Italian officials yesterday emphasised that China was interested in co-operation in a number of other key industrial sectors and in Italian technology in the telecommunications field.

However, it is also understood that China is negotiating the eventual purchase of Italian light naval and air equipment for its armed forces.

Chairman Hua renewed his attack against Soviet Union hegemony at a state banquet in his honour on Saturday night.

Without specifically mentioning the Soviet Union, he warned Italy of the growing military threat facing Western Europe. His remarks do not appear to have unduly embarrassed the Italian authorities who are, in any event, expecting the Chinese Chairman to make a further political statement before he leaves Italy tomorrow.

There appears to be considerable interest here over the meeting between the Chairman and Sr. Enrico Berlinguer, the Italian Communist Party leader, at a dinner being held at the Chinese Embassy in Rome tonight.

Although Chairman Hua will not be having any formal talks with Sr. Berlinguer, his presence at tonight's function is regarded as further evidence of the improving relationship between China and the Italian Communist Party.

Until recently, relations have been lukewarm because of Chinese criticism of the Italian party's links with Moscow.

Chairman Hua spent yesterday visiting Venice—the city of Marco Polo, the celebrated traveller whom the Chinese Chairman has not failed to refer to as an example of a deep-rooted association between China and Italy.

Chairman Hua said on his arrival that he was at last repaying Marco Polo's visit to China in the 13th century. Italians have not failed to point out however that while it took Marco Polo (who, incidentally, brought spaghetti back with him) three years to reach China, it has taken some 700 years for a Chinese Head of State to come to Italy.

Huang Hua, the Chinese Foreign Minister, yesterday paid a courtesy call to the tiny independent republic of San Marino, one of the smallest countries in the world and one of the first to recognise the Republic of China.

Resistance grows to Bolivian army coup

LA PAZ — Two Bolivian Air Force fighter jets strafed La Paz last night, flying over San Francisco Plaza where students and workers opposed to the four-day-old military regime were gathering.

The plaza was surrounded by about 20 tanks and armoured cars, and cannon fire from one *of the armoured units* was heard.

The plaza is five blocks from the Presidential Palace, headquarters of Colonel Alberto Natusch, who declared himself President after leading a coup against Bolivia's civilian Government last Thursday.

Students and workers building barricades on Saturday night were dispersed by soldiers, who fired at civilians for about five hours. The Bolivian Red Cross and the central hospital said at least 20 persons were killed and 40 wounded.

Early yesterday Col. Natusch declared martial law, a curfew and press censorship throughout Bolivia as speculation mounted that dissident military units were planning a counter-coup against him.

Heavy shooting broke out around the Presidential Palace, and at least three people were killed and eight injured as elements of the armed forces tried to seize the Palace.

In a television address, Col. Natusch said he imposed the rigid regime because "anti-democratic and anti-social *sectors*" *were trying to* "*change* our way of life for a totalitarian and anti-national version."

Police in the eastern city of Cochabamba were reported to have declared themselves in rebellion against the Natusch Government yesterday. The The National Labor Confederation called a general strike on Thursday in protest of what its leader called the "fascist" military takeover.

Sr. Walter Guevara, the civilian President deposed in the coup, was still in hiding with his entire Cabinet.

Agencies

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York N.Y. and at additional mailing centres.

UN groups call for Kampuchean independence

By Our UN Correspondent

RIVAL VIETNAMESE and Asean proposals circulated in the United Nations yesterday, each with the stated aim of establishing Kampuchea's right to chart its own political course.

But the draft by Malaysia, Singapore, Thailand, Indonesia and the Philippines would have the General Assembly—which begins debate on the question on November 12—call also for "the immediate withdrawal of all foreign forces from Kampuchea." Clearly, this is directed at the Vietnamese military presence.

Flaunting their new political colours, Afghanistan, Grenada and Nicaragua joined Vietnam, Laos and Angola in sponsoring the draft resolution which the Asean group opposes.

This would call in part on all states to refrain from any activity detrimental to the Kampuchean people's exercise of self-determination and to their independence, and reaffirm that any problem concerning Kampuchea and other south-east Asian countries should be settled by them without foreign interference.

China deal for Chicago company

BY MARALYN EDID IN CHICAGO

THE CHICAGO business community has strengthened its developing trade and investment ties with China, when an official Chinese delegation left the city at the weekend carrying two new agreements.

Following an agreement between First National Bank of Chicago and China International Trust and Investment Corporation (CITIC) that effectively makes the bank an agent for foreign investment in China, FMC signed a protocol with CITIC that agrees to "explore the possibilities for technical and commercial co-operation" between itself and China.

FMC is a $2.9bn diversified manufacturer of such items as agricultural, food processing, oil-drilling equipment and bulk material handling systems — products high on China's shopping list. The protocol further says that the "two parties will exchange delegations to identify areas of mutual interest" that could involve joint ventures and technology transfers.

Company officials are reluctant to comment in detail about their dealings with the Chinese, but FMC has been doing business with China since 1974, and believes the market offers significant growth opportunities, given the company's product line and China's need for basic heavy equipment and desire to develop its natural resources.

First National, America's 10th largest bank, signed an agreement on Monday with CITIC that will position the bank as an intermediary between decision-making bodies in China and foreign companies seeking investment and trade with China.

● *Deutsche Bank AG has concluded* loan agreements with the Bank of China, but the West German Bank declined to reveal the amount or the terms of the bilateral arrangements. Reuter reports from Hong Kong. The bank said it had enjoyed a correspondent relationship with the Bank of China for 20 years and handled 40 per cent of the financial settlements of West German-China trade. Deutsche Bank has been involved in discussions in Peking aimed at expanding its relationship with the Bank of China.

Indonesia–Tokyo in LNC pact

BY WONG SULONG IN KUALA LUMPUR

AN AGREEMENT confirming intent to purchase liquid natural gas (LNG) was signed here at the weekend between Berhad of Malaysia, the Tokyo Electric Company, and the Tokyo Gas Company.

The agreement was signed by Tan Sri Abdullah Salleh, Mr. G. Hiraiwa and Mr. T. Murakami, the heads of the three respective organisations.

Under the agreement, Malaysia LNG, the developer of the large natural gas reserves off Sarawak in East Malaysia, will begin supplying LNG to the two Japanese utilities companies over 20 years, beginning with 2m tonnes in 1983 and rising to 6m tonnes from 1988.

The price of the gas has not been fixed. This would be done in the sale and purchase agreement to be concluded later, but the price formula has been agreed upon.

Tokyo Electric will take 4m tonnes of the gas while Tokyo Gas will take 2m tonnes.

Malaysia LNG is 65 per cent owned by Petronas, the Malaysian state oil company, while Shell and Mitsubishi hold 17.5 per cent each.

The LNG project, costing $1.2bn, has already been delayed for five years owing to protracted negotiations between the three partners of Malaysia LNG.

However, they are confident the liquid natural gas would come on stream in January, 1983. Construction of the main LNG plant has been given to JGC of Japan and Pullman Kellogg of the U.S., and a US$550m *Eurodollar loan* is being raised to finance the project.

● The Export-Import Bank of Japan will provide Y14.5bn (£29m) in credits to the Indonesian Government to help finance purchases of equipment for construction of a fertiliser plant, AP-DJ reports from Tokyo. The money will go into the project to build a urea fertiliser plant with a 570,000-ton-a-year capacity in northern Sumatra. The project is a joint undertaking by the Association of Southeast Asian Nations (ASEAN). Already, Japan's Government-run Overseas Economic Co-operation Fund has pledged Y33bn in loans for the project.

World Economic Indicators

TRADE STATISTICS

		Sept. '79	Aug. '79	July '79	Sept. '78
UK £bn	Exports	3.6	3.6	3.6	3.1
	Imports	3.7	3.7	3.6	3.3
	Balance	−0.1	−0.1	0.0	−0.2
U.S. $bn	Exports	15.832	15.821	15.669	13.4
	Imports	18.666	18.177	16.777	15.1
	Balance	−2.834	−2.357	−1.108	−1.7
France Frs.bn	Exports	38.520	36.329	36.919	30.881
	Imports	40.307	39.496	37.883	29.578
	Balance	−1.787	−3.167	−0.964	+1.303
West Germany DMbn	Exports	25.2	24.7	26.5	24.800
	Imports	23.3	23.7	25.9	20.100
	Balance	+1.9	+1.0	+0.6	+4.700
		Aug. '79	July '79	June '79	Aug. '78
Holland Fls.bn	Exports	10.160	9.981	10.882	8.227
	Imports	11.403	10.532	11.203	9.094
	Balance	−1.243	−0.551	−0.321	−0.867
Italy Lire bn	Exports	5,032	4,390	5,234	3,207
	Imports	4,449	4,776	5,219	2,863
	Balance	+583	−386	−15	−344
		June '79	May '79	April '79	June '78
Belgium Frs.bn	Exports	137.00	145.416	129.895	123.580
	Imports	140.851	156.551	138.715	131.040
	Balance	−3.151	−11.135	−8.820	−7.460
Japan $bn	Exports	8.510	8.133	7.810	7.954
	Imports	7.400	8.080	7.300	5.019
	Balance	+1.110	+0.053	+0.510	+2.935

Aluminium giants in Kwangsi smelter bid

By Robert Gibbens in Montreal

ALUMINUM industry officials say the three major Western light metal producers, Alcan Aluminium, Aluminum of America and Pechiney of France, have offered technology and other forms of help to China for the 600,000 tons yearly smelter planned for Kwangsi.

Estimated cost of the project is between $1bn and $1.5bn and its existence as a priority in modernisation of Chinese economy was recently revealed to a Japanese Government trade and industry mission. The smelter would rank as the world's largest.

Though the Western companies are offering technological help to the Chinese, they would not use shareholder funds if any of the three finally makes a deal.

Sabena to buy three A-310 Airbuses

BRUSSELS — Sabena, the Belgian national airline, has announced the purchase of three *A-310 airbuses, and has* taken out options to buy three more at a later date, Reuter reports.

Sabena said the three 215-seat aeroplanes, the first airbuses it has acquired, would be delivered from 1984 onwards and The deal is said to be worth some $150m (£70m).

● NEWS ANALYSIS — BY AILEEN QUIGLEY

Car makers apply brakes

IRELAND FACES an almost certain phasing out of a large part of its motor assembly industry by the late 1980s.

With the possible exceptions *of Ford, Fiat, Chrysler, Datsun* and Toyota, most companies currently assembling motor vehicles *in the country see little* or no future for the industry.

Even the situation with Chrysler is uncertain, given the problems faced by the parent company in Detroit. In addi*tion, Datsun* and Toyota have both indicated that the questions beyond 1984 is currently *under study.*

The winding down of the industry is the continuation of *a process* that began in the early 1960s, when there were 22 vehicle assembly companies at work *in the Republic.*

By last year, according to a report by the National Prices *Commission, this number had* fallen to 16. There are even fewer now as a result of more company closures, led by Reg Armstrong, which had until recently been assembling the BL mini.

Ireland's troubles began with the country's Free Trade Area Agreement with Britain, which it entered into in 1966, and accelerated with its subsequent entry in 1973 into the European *Economic Community.*

The Free Trade Area Agreement meant that all quantitative *restrictions on Irish car imports* from the UK had to be eliminated. Import duties were also to be reduced by 10 per cent each year until they reached nil on July 1, 1975.

Had the agreement been fully implemented, Ireland's car assembly industry probably would have been wound up by the end of the 1960s, for at that time some 80 per cent of all vehicles assembled in the Republic were of British origin.

But in 1967, the quota system, which had been nullified by the Free Trade Agreement, was supplanted by a special law to limit the number of fully built-up (fbu) *vehicles entering* Ireland. Assembly was able to continue with some success, *until Ireland joined the EEC,* when the Common Market Commission found that the special agreement with Britain was against the principles of free trade.

A commission ruling required that Ireland's limitation on importing fbu vehicles had to end by 1985.

Ireland exports few cars, shipping an average of 3,000 vehicles a year out of the country compared with imports of something over 70,000 a year.

Ireland's car-makers have been facing tough times since the 1960s, and the wind-down of their industry has been accelerating since the Republic's entry into the EEC in 1973. Few manufacturers see any hopes of continued assembly beyond the mid-1980s.

By the time cars are assembled, and allowance is made for transport costs, most assemblers are finding that it simply is not worth a company *assembling cars in Ireland, even* for shipment to Western Europe, and in spite of lower labour costs in Ireland. Any decisions to continue to do so are likely to depend on decisions by their parent companies and any changes in investment policies of suppliers of parts for compeltely knocked down vehicles.

Of the foreign groups concerned, only Ford is specific in its intention to carry on.

Ford has been in Ireland since 1917, and is the nearest *thing to being a producer of an* Irish brand of car.

In 1972, it undertook an ex*tension rationalisation, which* had the dual benefit of increasing the volume of production *and improving production* standards.

Since then, its Cork plant has *produced the Escort and the* Cortina. These account for 75 per cent of all Ford sales in the *country, and are the largest* volume selling models in Ireland.

*As for Fiat, it has been ex*porting some 400 cars to Britain per month since last summer, and *this is seen as part of that* company's policy of continuing in the assembly business. Fiat's position *is similar to that of* Chrysler, which also exports to the UK.

While *these three,* led by Ford, might have the necessary scale and efficiency to survive, for the rest of the assemblers it will probably be a case of diversifying into some other form of engineering activity.

Assistance to diversify is available from Ireland's Industrial Development Authority, and there are grants available equivalent to 35 per cent of the cost of fixed assets to be used *for manufacturing.*

The European Social Fund also supplies funds for diversi*fication. There are some 2,300* workers employed in vehicles assembly at present, but the number is dropping fast.

It is clear that the assembly industry will largely evolve into a distributive network over the next few years. The question, therefore, is not whether assembly will continue but whether a profitable component industry using the skills available can be built up.

Great Lakes grain trade rates begin to steady

By William Hall, Shipping Correspondent

IN THE dry cargo markets interest continues to centre on the Great Lakes grain trade where rates have more than doubled this year. Over the last *three weeks they have risen by* close to a third as charterers rush to move the backlog of grain before the season closes on December 18.

Denholm Coates report that *rates in the Great Lakes have* now consolidated at around $43 per ton. For ships of around 25,000 dwt. *There has also been* demand for time charter vessels for the Great Lakes trade and rates of over $10,000 per day for early tonnage have been reported.

These rates are considerably above the going rates for non-Great Lakes activity but even so rates in other parts of the dry cargo market have been firmer.

In the Atlantic grain trade the rates for 55,000 tonners U.S. Gulf Continent have moved back above the $17 per on mark and Chinese charterers have been notably active. Over the last *week or so they have fixed ton*nage for the U.S. Gulf/China at $35/$36 per ton and at $40 per ton.

Demand for coal and iron ore is also keeping bulk carriers busy. Galbraith Wrightson report that the export of iron ore from India is providing substantial chartering business and *the strength of demand is caus*ing rates to rise. The Australian coal trade is also fairly active.

In the tanker market the going rate for VLCC's, Persian Gulf/West, continues to hover around Worldscale 50. For Eastern trips the premium seems to have settled down at about 10 points.

Changes urged for voluntary housing

By Paul Taylor

A SIMPLIFIED administrative system for housing associations and a more rational approach to their funding are called for today by Sir Leslie Murphy, chairman of Church Army Housing, and also of the *National Enterprise Board.*

Sir Leslie, writing in the association's annual report for 1978/79 published today, says that despite progress, last year was one of "increasing frustrations."

He complains that administrative delays caused by "the unnecessary level of checking" on development schemes by Government agencies made life "very difficult for us as for many other housing associations. The paperwork needed to progress a scheme up to the point where builders start work can take 18 months or more.

The financial system under which housing associations operate was "both cumbersome and costly," mitigating against effective programming and giving little incentive for greater efficiency.

Government demands for more housing without more money—especially by converting and improving older properties — meant "a dangerous lowering of standards."

Sir Leslie suggests three major changes to improve housing association effectiveness and efficiency:

- A more rational subsidy system for associations using Government money.
- A radical reappraisal and simplification of the current administrative systems between the associations and Government agencies.
- A new approach to building standards to allow enough money to be spent on properties "to do the job properly."

The report shows that Church Army Housing, which is registered with the Government-funded Housing Corporation and is the only national housing association linked with the Church of England, completed 436 new houses and flats during 1978-79, bringing its total to 3,500 units and 1,200 hostel bed spaces.

Joseph to criticise poor management

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

MANAGEMENT is partly responsible for Britain's poor productivity record, Sir Keith Joseph, the Industry Secretary, is to tell a meeting of the National Economic Development Council.

Prince Charles, who himself has criticised management, will be attending the meeting on Wednesday as part of his tour of industry which started last year. A report on the rapid growth of imported goods during the 1970s will be presented by Mr. John Nott, Secretary for Trade.

At a time when many companies are becoming increasingly worried about their prospects during the coming year, Sir Keith will also warn that the Government believes its job is to encourage industrial success but "not support industrial failure."

This will open up a debate in the council on productivity which will echo many of the themes about industrial performance that are expected to be aired at the Confederation of British Industry's Birmingham conference today and tomorrow.

Sir Keith will stress the need for changes in attitude by managers and workers.

In a paper on productivity in manufacturing industry sent out to members of the council, Sir Keith says that "management competence varies widely." As a consequence there is a lack of effectiveness in the way that industry is organised.

Sir Keith also blames an "economic climate that discourages efficiency," and trade union attitudes which "often make good management difficult."

The Government, together with trade unions and management, have failed to convey an understanding throughout industry about what the UK has lost because of its poor industrial performance.

In its contribution to the council debate, the TUC will urge Sir Keith to expand rather than contract the Government's work on encouraging the use of microelectronics in industry.

A group of TUC leaders has just returned from a trip to California, partly sponsored by the Industry Department's microelectronics application scheme, to study microchip developments. The TUC will tell Sir Keith on Wednesday that it believes the Government should continue supporting the National Enterprise Board's Inmos microelectronics venture because it is essential for the UK to have its own company in this field.

- Industry is not meeting the challenge of energy conservation with sufficient vigour, Mr. David Howell, the Energy Secretary, told the CBI conference in Birmingham last night. "The fact confronting us all is that fuel will become scarcer and dearer and the only way all of us can face the bigger bills is to use fuel more efficiently," he said.

Immigration abuses justify sex discrimination—Whitelaw

MR. WILLIAM WHITELAW, *Home Secretary, agreed yesterday* that the proposed change in immigration rules to restrict entry of fiancés and husbands of women not born in Britain was clearly sexual discrimination. But it was the price we had to pay to cure an abuse of existing rules. "There is no doubt that the rules have been abused," he said on Tyne Tees television.

Mr. Whitelaw believed that *immigrants* entered the country by abusing the system with arranged marriages. He was convinced it was right for a government to stop it. "I accept there is a price to pay, and I believe this price we will pay."

The fact that women born in this country, whether Asian or British, retained their right in respect of husbands and fiancés did, he believed, mitigate the position.

"What we are worried about is extra male immigration. It *must be right to be fair to those* who come in legally.

"If we are allowing male immigration through an abuse, we are doing harm to the people coming in legally, and to our own people in this country who have not got jobs and want them."

Asked about the *Government's position if the issue* went to the European Commission on Human Rights, he replied: "In simple commonsense and fairness to all concerned, I believe this is a sensible and right way of proceeding because you are surely entitled to stop abuse of rules.

Coal import talks begin

BY JOHN LLOYD

TOP-LEVEL talks between the National Coal Board and British Steel will begin this afternoon in an effort to agree on a level of coking coal imports by the corporation. These are now running at around 2.9m tonnes a year.

The importance attached to the talks is highlighted by the attendance of both chairmen—Sir Derek Ezra from the NCB and Sir Charles Villiers from BSC.

British Steel has said that it may more than double its coking coal imports next year, because it is paying about £10 a tonne more for UK coal than foreign coal.

Sir Derek is likely to point to an investment of £40m in coking coal output in the 1970s and to a dramatic fall in demand since the mid-1970s.

A solution that might be agreed is a Government subsidy on coking coal to bring down its price to imported levels.

Earnings rise of 18% predicted

BY DAVID FREUD

EARNINGS will rise by 18 per cent in the present wage round, according to City stockbroker Phillips and Drew.

Retail price inflation will peak at about 19 per cent in the second quarter of next year, before falling back to 15 per cent by the end of the year.

The firm believes that a decline of about 1½ per cent in real gross domestic product next year will wipe out nearly all the 1½ per cent rise expected this year.

The decline in output will probably result from a 1 per cent fall in consumers' real expenditure, and a fall of almost 3 per cent in real gross domestic fixed capital formation. Other components of demand are also likely to be weak, including Government consumption and stockbuilding.

Balance

The depressed state of demand, together with a doubling of the contribution of North Sea oil to the balance of payments next year, are expected to lead to an improvement in the current account—from a £3bn deficit last year to rough balance in 1980.

The firm says the public expenditure figures announced last week will lead to a public sector borrowing requirement of £8bn-£9bn in the next financial year, while sterling M3 growth should be held within the present 7-11 per cent annual target range.

Stockbroker James Capel and Co. while welcoming the abolition of exchange controls, says the timing of the move was bad, coming at the start of the pay round.

The further fall in sterling, which abolition could generate, would add to raw material costs, already rising by more than 20 per cent a year, and enable domestic manufacturers to increase prices on the home market.

"Inflationary expectations will thus be fuelled in the labour market."

World record turntable market winds down

THE DECISION by BSR to close a plant at East Kilbride, Lanarkshire, announced late last week, shows the pounding being taken worldwide by companies in the record turntable market, which the UK once dominated.

BSR's half-year results, announced two months ago, show pre-tax profits for the first half of 1979 down from £10m in 1978 to £2.5m. The decrease in sales in the company's sound reproduction division was wholly attributed to the slump in the US market.

Profit was further reduced by the effects of a strong pound, a seven-week strike at the East Kilbride plant, and rising costs of raw materials.

The loss of 1,000 jobs at one of three East Kilbride plants is hardly surprising (the two others, which employ 1,500 will be kept open). It is a further sign that the company's extraordinary growth record and marketing success is suffering a setback—but is it any more than that?

Industry observers think not: they believe that BSR is strong enough and well-managed enough to survive a few knocks. Its growth—up from sales of £17.7m in 1969 to £160m last year—has been achieved on the basis of solid technical excellence.

JOHN LLOYD looks at the reasons behind BSR's decision to close down one of its record turntable plants and examines the implications for a market once dominated by Britain.

Vertical

The company's founder, Dr. Daniel MacDonald, introduced a record changer mechanism in *1968 whose basic design remains* good: at the same time, vertical integration has meant that the company was relatively independent from suppliers and from the worst effects of component price rises.

It has become famed for selling large quantities of its record changers to Japan, and particularly to Japanese consumer electronics companies, who used the BSR equipment as part of their final product. This market—the "original equipment manufacturer," or OEM, sector—has traditionally been the company's bedrock, and remains so.

Even more surprisingly, it deliberately operated at the high volume, low price, low margin end of the business, relying on high productivity and good deliveries to gain and keep its share of the market. More recently, it began to use the strength of its *low price* products as a base to move up-market, challenging hi-fi competitors like Garrard on their own ground.

Garrard, a subsidiary of Plessey, showed signs of weakening first. A *little* over a year ago, with losses mounting, it sacked more than 1,200 workers, reducing its labour force to 600 (it employed 4,000 in the early 1970s). It also cut its 2m unit a year production by nearly half. This dismal retrenchment has had some success: losses last year came down to £2.8m from £5.1m in the previous year: in the current year, they are expected to amount to about £1m, and possibly get back to the black next year.

Garrard's position is expected to improve further when it unveils an expected new range of products in a few weeks.

There is no doubt that BSR's cutbacks will reduce costs and improve the balance sheet (or at least moderate the current deterioration). But the root problems remain the same and are unlikely to change soon.

First, the major market for both companies is the U.S., which is suffering a deep recession which set in last year and shows no signs of lifting. At the same time, the Japanese companies are circling, hungry for a share of the market: many believe that they are taking losses to protect their stakes.

Thus one way to shield profit margins—price raising—is simply not open to BSR or to Garrard, since the market is so competitive. To increase their misery, the French company, Thomson-Brandt, has recently brought a turntable plant on stream. The company cannot be delighted with its own timing, and its competitors are even less so.

Lucrative

The Western European market, very much of secondary concern, has reportedly held up reasonably—though here, too, the Japanese companies are mounting attacks, especially on Italy and Holland. France had been lucrative, but Thomson-Brandt must be expected to gain strength there: only West Germany remains relatively unsullied.

Audio tape—a market into *which BSR dipped a toe, then* withdrew—has also made inroads, though perhaps less than once expected. Video discs (about two years away) and digital audio discs (perhaps four or five years away) may revive the record deck scene considerably, but it will be a long wait.

Tax certificate interest rises

BY DAVID FREUD

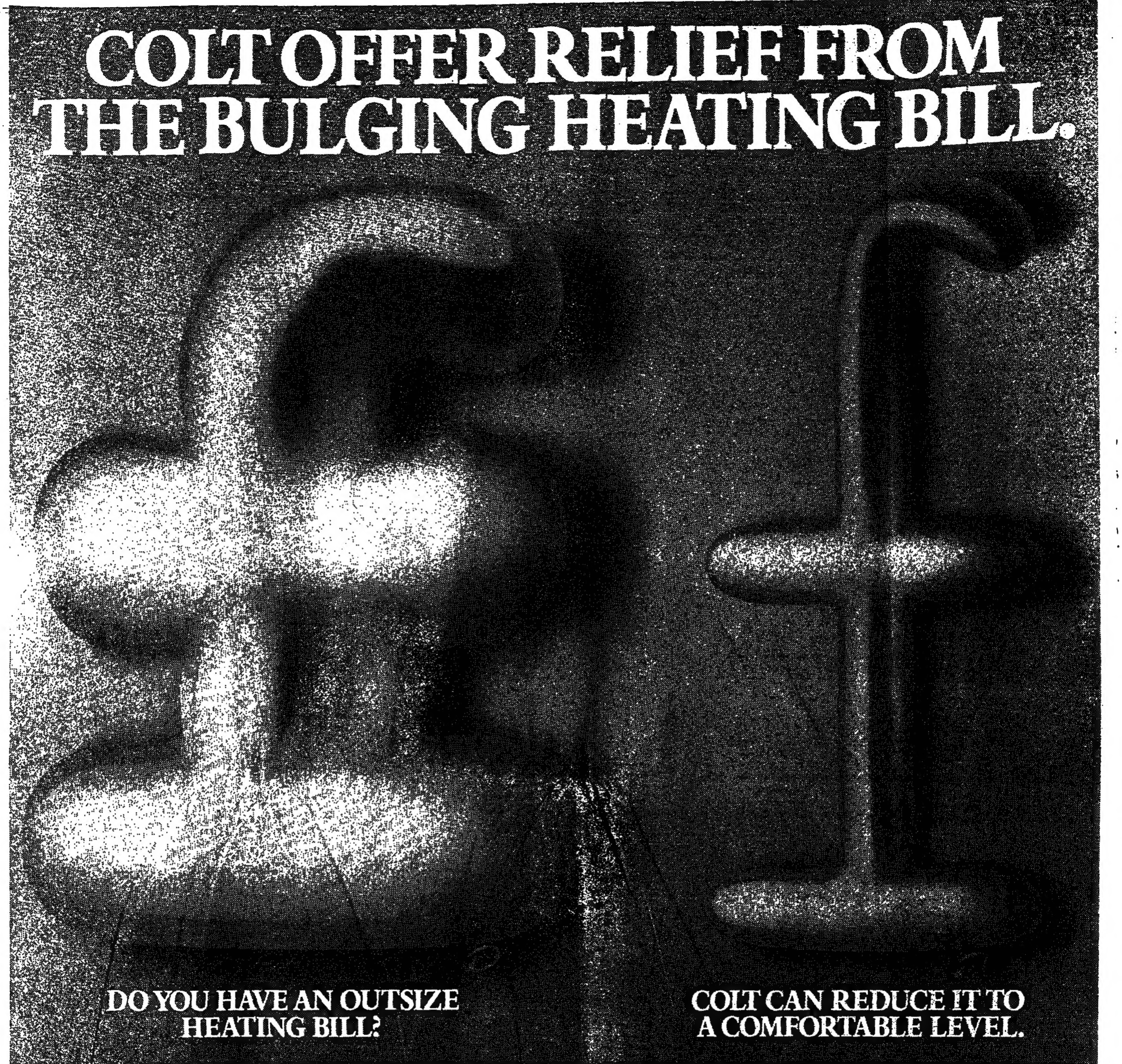
INTEREST RATES for certificates of tax deposit have been raised from today, to reflect changes which have already taken place in rates on competing securities.

The certificates, operated by the Inland Revenue, may be bought in advance for surrender in payment of all taxes except Pay As You Earn and tax deducted from payments to subcontractors.

The interest rate increases from 14 to 15 per cent on new deposits accepted under the terms of the prospectus for certificates dated May 14, 1979 and applied in payment of tax.

The rate on deposits withdrawn for cash increases from 11 to 12 per cent. There is no bonus payable on deposits applied in payment of tax and held for more than six months.

The deposits earn interest for a maximum of six years. For the first two years the interest is that applying on the date of the deposit; for the second two years it is the rate on the second anniversary of that date; and, for the final two years, the rate on the fourth anniversary.



If your fuel bills have been bulging in the past years, they're going to be inflated to bursting point next winter.

Since last Autumn, heating oil has increased in price by over 40% and in the next six months you will probably be paying more.

What can be done about it? Plenty.

Since the 1974 oil crisis, we at Colt have worked hard to make both our ventilation and heating schemes as energy and cost-saving as possible.

For example, when we're called in to look at a heating problem, we start with a free energy survey so as to minimise costs from the outset.

In a recent case of an Essex company, for an initial capital outlay of £5,000 we're now saving them £5,300 per annum at 1979 prices.

Then, there's the Colt Optimiser. This automatically adjusts the switch-on time in your factory to suit the weather.

(Thus, for the majority of the winter, you can cut down on your heating-up period.)

Another way we can save you money is with our Instant Change-over Dual Fuel Heater, which enables you to choose the cheapest fuel available at the flick of a switch.

So, you can take advantage of interruptible gas tariffs when possible, switch to oil when it's available, or conserve it for manufacturing purposes.

And if you have to ventilate in the winter, to extract dangerous fumes, our Conditionair system re-cycles the air without losing valuable warmth in the process.

(We even have an easy-to-fit conversion kit to draught-seal existing ventilators.)

Finally, our Service Agreement protects your investment by ensuring that your heating equipment is checked twice a year, and that you get the immediate security of our 24 hour emergency service.

At the present moment we are helping hundreds of companies look forward to a warmer, easier, cheaper winter ahead. Why not join them? With our help, you need never watch your bills go sky-high again.

Colt International Ltd., (Health and Safety at Work), Havant, Hants PO9 2LY. Telephone: (0705) 451111. Telex: 86219.

Slacker trade likely in textiles and clothing

BY RHYS DAVID, TEXTILES CORRESPONDENT

TEXTILE and clothing manufacturers and retailers are predicting a sharp fall in business over the next four months, and another big decline in the industry's labour force seems likely.

These findings emerge from the latest survey of trends in textiles and clothing published today by the National Economic Development Office and the Confederation of British Industry. It follows closely the gloomy prognosis in last week's CBI survey for trends in manufacturing as a whole

In spite of the tax rebates which most wage earners will have received at the end of last month, retailing confidence is at its lowest since the joint survey was begun in 1977.

Though sales in the period before the survey were up in value and volume, some slackening in the rate of growth has taken place since the previous survey four months earlier.

The main problems, according to respondents, appear to have been VAT price rises, the effect of import quotas and oil price increases, and supply difficulties. The slackening is most marked in household textiles, carpets and underwear. Stocks are also up and the rate of stockbuilding is expected to show a further sharp reduction over the next four months.

In manufacturing 55 per cent of respondents to the survey, carried out among more than 400 manufacturers in 20 different product areas, were more pessimistic about the general business situation than four months earlier, while only 7 per cent were more optimistic. The decline in confidence was also reflected in every sector.

There is also considerable pessimism over prospects in export markets, though companies evidently feel—possibly as a result of the recent weakening of sterling—that the situation is no longer deteriorating as rapidly as in July when the last survey was conducted.

Orders, output and deliveries are all widely reported by manufacturers as having fallen while stocks have risen and more than half the respondents claim they are now working below capacity. In six sectors more than 80 per cent of those questioned said they were working below capacity.

In six of the upstream sectors—those producing yarns and fabrics for conversion into garments and other products—more than 50 per cent report a drop in employment over the past four months

● More than 5,000 managing directors in the clothing industry have been sent copies of a new booklet published by the clothing economic development committee entitled Money to Make Money.

'Stop car tax dodgers'

BY LISA WOOD

MORE THAN £60m a year is lost in revenue by drivers evading Vehicle Excise Duty, according to the Motor Agents Association.

The assoication has estimated that the "honest motorist" is probably paying about £4 a year to subsidise those who evade payment of Excise Duty.

Mr. Lionel Altman, the association's taxation panel chairman, in a report to his national council, has called on the Government to catch dodgers, who could total more than 1m.

He said that it was ridiculous that the procedures for relicensing could not be tightened and enforcement stepped up. If the dodgers were forced to pay up, it might even be possible to reduce the Excise Duty.

British aviation changes course

MICHAEL DONNE, AEROSPACE CORRESPONDENT, predicts far-reaching changes in air travel following the publication this week of the Civil Aviation Bill.

THE MOST far-reaching changes in UK civil aviation for many years are expected to follow the Government's Civil Aviation Bill, published this week.

It will have two main effects. First, it will give substance to the Government's plans, announced earlier this year, to sell off to the public up to 49 per cent of the shares in State-owned British Airways (the precise amount has not yet been fixed, but the Government will retain control).

British Airways will cease to be a statutory corporation, becoming instead a limited liability company. It will be freed from Treasury control: no longer will the Government set annual profitability targets, or appoint the chairman and directors.

The airline will have to earn what profits it can commercially, borrowing the cash it needs for all its activities, including equipment, without any underlying Government guarantees.

The board of the airline will be appointed by the shareholders. The Government, through its 51 per cent or more shareholding, will still have a big say, and some of its nominees will also be on the board.

British Airways can fairly claim that it is already commercial to the extent that it has to meet intensive (and growing) foreign competition, that it has to borrow cash for equipment and pay commercial interest rates, and that it is responsible to Parliament for what it does.

But under the new arrangements, this commercial approach will have to be intensified, for the Government will not be prepared to bail out British Airways automatically if it runs into serious financial difficulties.

To that extent, the State airline is probably looking even more carefully at the other major change foreshadowed in the Bill—the much greater freedom that will be given to the Civil Aviation Authority to conduct all its affairs, from route licensing through to air traffic control, airworthiness and safety matters.

The Government will still control the authority—it will still appoint the key figure, the chairman—but the authority itself will have much greater freedom to appoint its other officers and servants.

But more significantly, the Bill foresees the authority itself virtually shaping future civil aviation policy. By sweeping away the "guidelines" whereby past governments have virtually told the authority what to do, especially in route-licensing, the authority is being given the right to chart an entirely new course for civil aviation in this country.

In the past, the "guidelines" have been used by many governments to protect the entrenched position of British Airways on world air routes. Only in recent years has this situation been modified, when the "second force" independent flag airline, British Caledonian, was created from the merger of British United Airways and Caledonian Airways, to act as the main independent operator, with British Airways retaining its dominant role.

The pattern was further modified some years ago when the Labour Government created what it called a "spheres of interest" policy, in which large parts of the world were allocated to British Airways and British Caledonian as their main areas of activity.

This policy was bitterly criticised at the time by other independent airlines, who claimed that it gave the best of the UK's international air routes to two airlines, and left the others scrabbling for what little remained. They claimed that initiative and innovation were being stifled, and the country's overall civil air transport effort artificially restricted.

It was left to Sir Freddie Laker to break out of these restrictions with his innovative Skytrain, which he was able to introduce only after a long legal battle with the Government.

Thereafter, the "spheres of interest" concept has been progressively eroded, and the Bill is effectively ending it entirely. Henceforth, any UK airline will be able to apply for any new route. This still falls far short of "deregulation" or "freedom of entry," on the American pattern, which many independent airlines want to see in the UK, but it goes far enough to give anyone with enterprise and new ideas a better chance of putting them into practice.

In granting new routes, however, the authority will still have to pay regard to the merits of the applicant's case, and to political and other economic circumstances.

It will not, for example, be able to take one airline off a route in favour of another without good reason, and to that extent existing route structures will remain intact. The right of airlines to appeal to the Secretary of State is retained, and in the last resort there is always the law courts. But increasingly, in the competitive environment envisaged by the Bill, the onus will be upon all airlines, State and independent, to demonstrate continuously their fitness to hold their licences and operate their routes.

Cover for grounded aircraft proposed

BY MICHAEL DONNE

A PLAN to enable airlines to insure themselves against the net loss of revenues or profits as a result of their aircraft being grounded is now being drawn up by a London-based international aviation insurance group, Sedgwick Forbes Bland Payne Aviation.

Although it has been possible in the past to secure insurance cover for loss of use of individual aircraft following accidents, no insurance market has been willing or able to offer cover for loss of use following the withdrawal of specific aircraft Certificates of Airworthiness, or the grounding of aircraft in the interests of safety.

In the summer, following the DC-10 airliner crash in Chicago in late May, the entire world's fleet of 278 DC-10s was grounded by the U.S. Federal Aviation Administration, and other airworthiness bodies, pending extensive safety checks on the aircraft.

The grounding, which lasted over a month, resulted in substantial revenue losses for the 41 airlines involved.

Set against these losses were savings in unused fuel and other items such as landing fees, but the net losses were still substantial. Laker Airways, for example, estimated that the grounding of its six DC-10s cost it over £13m in lost revenues.

Sedgwick Forbes Bland Payne Aviation is now working out a scheme whereby the London insurance market will be able to accept this kind of risk, and it expects to be able to offer the coverage to airlines within the next month or so.

Initially, the airlines will be expected to carry the first seven days' losses themselves, after which the scheme will offer indemnity up to a further 30 days.

It is envisaged that the indemnity will vary from about $10,000 a day for a DC-9 or 727 jet, up to about $25,000 for a Boeing 747, although these figures will depend eventually upon the size of the insurance market that develops.

Agreement on more air services to U.S. sought

BY OUR AEROSPACE CORRESPONDENT

THE POSSIBILITY of increasing the number of flights between the UK and the U.S. will be discussed at talks in Washington today on the Bermuda Two air agreement between the two countries.

The U.S. is expected to ask for Boston to be added to the list of U.S. cities with "dual designation"—that is, being served by two airlines from each country. At present, there are only two such cities—New York and Los Angeles. All the others are served by one airline from each country.

In return, the UK is expected to ask the U.S. to accept that all new services between the two countries should use Gatwick, instead of Heathrow, to ease congestions at the latter.

Another topic will be the future volume of charter flights between the two countries. The existing agreement on such flights is due to expire next spring, and the UK is anxious to have it renewed.

● Air New Zealand and British Airways are to introduce new low season and low price advance purchase fares on routes between London and New Zealand via Los Angeles from December 1.

But Air New Zealand excursion fares are to be increased to cover higher fuel prices and currency fluctuations. The new excursion fare will allow extended stays—up to one year instead of six months—and a four-day stop-over on both outward and return journeys.

The Randfontein Estates Gold Mining Company, Witwatersrand, Limited

(Incorporated in the Republic of South Africa)

COMPANY ANNOUNCEMENT

The Board wishes to announce that a recent investigation by the Consulting Engineers of the Company has revealed that a significant discrepancy exists between the sampling results upon which the evaluation of the Randfontein Section was based and current development and stope sampling.

This conclusion has been drawn now that sampling results have become available from the 18 and 24 levels of the Randfontein Section, which levels have recently been re-equipped and re-entered once they have been dewatered. While the re-evaluation of the potential of this area is not definitive and is still underway, sufficient evidence exists to suggest that many of the factors drawn from Randfontein's operations between 1955 and 1964, such as stope and block values and plant recovery factors, were either wrong or misleading. As a result both the tonnages and grade estimates of the ore remaining in the Randfontein Section are overvalued, and the economic potential of the area appears at best to be marginal. The implications of this conclusion will be investigated and a further statement will be issued when this work has been completed.

Further work on re-equipping 2 North Shaft has in the meantime been suspended.

Operations at the Cooke Section continue as before, and as the Randfontein Section has not yet contributed to profits in the company, the tenor of results to be reflected in the Quarterly Report to be published in January 1980 in respect of the quarter ending 31st December, 1979, is likely to be of the same order as that recently published for the quarter ended September 1979.

The operation of the Cooke uranium plant has improved further since the end of the previous quarter, in that this plant is now fully matching the throughput of the gold plant. However, full capacity in the plant's acid leach and ion exchange sections is not yet available, so that acceptable uranium recoveries will not be achieved this quarter. This capacity is expected to be available later in the new year.

Present estimates suggest that the Cooke and Millsite plants can be adapted to meet the company's contractual uranium commitments in due course. The loss of a major part of the anticipated uranium production from the Randfontein Section is a serious setback, but the Company believes that should a shortfall occur in respect of its uranium contract alternative arrangements can be made to meet this commitment.

BERNARD SMITH,
Chairman.

Registered Office:
Consolidated Building,
Cor. Fox and Harrison Streets,
Johannesburg, 2001.
(P.O. Box 590, Johannesburg 2000).

2nd November, 1979

Business graduates favour industry

BY PAUL TAYLOR

THE LONDON Business School has reported a substantial swing towards jobs in manufacturing industry among its new graduates.

More than 60 per cent of its graduates this year have taken jobs in the manufacturing sector, compared with only 35 per cent last year, the school said yesterday.

Last year more graduates favoured appointments in banking and financial services or in trading and service companies. This year only 12 per cent took jobs in banking or financial services, compared with 25 per cent last year and 15 per cent in 1977. The figures show a similar decrease in the number of graduates entering trading and service companies.

The school's figures also show a strong swing towards marketing and general management, which together accounted for 45 per cent of first appointments compared with 28 per cent last year.

The school said production is still not seen as a favoured way of advancement in industry, although some of the finance and planning jobs will probably lead to line jobs in the factory.

Half this year's graduates, who include engineers, scientists, economists and accountants, have been recruited by American companies. Salaries for those accepting jobs in the UK ranged from £6,500 to £13,000, with additional benefits, including cars and mortgages.

The school said recruiting companies continued to place a high emphasis on language ability and experience of overseas business.

Call for public debate over postal monopoly

BY ELAINE WILLIAMS

A FIVE-YEAR public debate should be held over whether to end the Post Office's postal monopoly, according to the periodical publishing industry.

The industry is the Post Office's biggest customer group.

In its submission to the Monopolies and Mergers Commission, the Periodical Publishers' Association said that a review was overdue of letter postal services in the London region.

The association claimed that the productivity of the postal workforce had declined in the 1970s. The productivity of other postal systems was superior.

"The Post Office reforms should include the enlarged use of sub-contractors, with whom its efficiency could be compared on a job-by-job basis," said the association.

Satellites will monitor yachts

SATELLITES are to be used next year to keep track of the progress of yachts taking part in the Royal Western/Observer single-handed transatlantic race.

Each yacht will carry a transmitter which sends an automatic signal identifying the boat via a satellite to an information collection system called Argos.

Argos is a space programme developed by the U.S. and France and involves NASA, the National Oceanic and Atmospheric Administration and the French Centre National d' Etudies Spatiales.

Each boat will also have sensors which transmit information about atmospheric pressure and air temperature for scientific purposes.

Guarantee guide published

MANUFACTURERS' guarantees are a valuable supplement to the protection which consumers have in law, writes Mr. Gordon Borre, Director General of Fair Trading, in his introduction to Guarantee—a Guide for Manufacturers, published by the Office.

The guide is intended to help bridge the gap between what consumers expect in a guarantee and what manufacturers feel able to provide. It makes recommendations to what a guarantee should contain how it should be worked in the interests of clarity, and what restrictive terms manufacturers should avoid using.

More tax cuts urged

BY PAUL TAYLOR

DIRECT taxation should be further reduced, capital gains ands transfer tax abolished and tax relief should be provided on interest paid on investment loans, the Institute of Directors has told the Government.

The institute's recipe for "a prosperous free enterprise society" is contained in an early Budget submission from Mr. Walter Goldsmith, the director general, to the Chancellor of the Exchequer.

Mr. Goldsmith urges the Government "to hold fast to its chosen course of action" and to resist pressures to spend its way out of recession. The institute's detailed proposals include a call for a "progressive reduction" of the absolute level of Government over the next few years and a plea that additional VAT and North Sea oil revenues should be used to reduce basic rate income tax to 25 per cent and top rate tax to 50 per cent.

● NEWS ANALYSIS — CLEARING BANKS

BY MICHAEL LAFFERTY

Bad debt disclosures could be unlawful

THE REVELATION that the Inter-Bank Research Organisation (IBRO) — the clearing banks' private research group— has concluded that the clearers are overstating their bad and doubtful debt provisions will come as no surprise to bank analysts.

"It was the only intellectually honest think IBRO could do," was how one interested party summed it up.

The issue is of more than technical importance. If the clearers are overstating their bad debt provisions, they are in breach of the Companies Acts. This is because, by doing so, they must be understating shareholders' funds and quite probably distorting annual reported profits.

An undisclosed excess provision also amounts to a secret reserve. This has been banned by law from company accounts since 1948 after the scandal of the famous Royal Mail Case years earlier.

Looking back, it is easy to see how the clearing banks could have got themeselves into such a position. They had been allowed by law the privilege of secret reserves until 1970. But the changeover was not quite so voluntary as some bankers would like to believe.

The new legislation is contained in the Banking Companies (Accounts) Regulations 1970. Quite simply, it puts the preparation of the clearers' accounts on the same basis as those of industrial and commercial companies.

Until their 1978 accounts, the clearers gave no hint to readers of their reports of the size of their bad and doubtful debt provisions. The catalyst last year was the report of the Price Commission, which recommended that the banks should disclose the levels of their general bad debt provisions.

What emerged in the last batch of accounts was not what the Price Commission asked for. Instead, the banks aggregated their general and specific provisions for bad debts and published only the aggregated figures. Analysts in general said they could not make head or tail of the figures. Senior clearing bankers admitted sheepishly they could not fully explain the justification for what was being done. Since then, the general message from the clearing banks has been that the whole area is back on the drawing board.

So far only Barclays Bank has stated publicly that it will give more information about provisions—the specific provision in particular—in its next accounts.

The banks frequently point out that their provisions are not material in relation to total loan advances. That is true. However, analysts make the point that if the provisions are significantly overstated — as IBRO says — the correct comparison for judging materiality is with shareholders' funds and annual profits.

A second, and highly effective way of judging the materiality of excess provisions is to relate movements in excess provisions to movements in annual profits.

The area in which the clearers are most commonly believed to have accumulated excess provisions is under the title of "General Provisions for Bad and Doubtful Debts."

The Companies Acts define a provision as "any amount written off or retained by way of providing for depreciation, renewals or diminution in value of assets or retained by way of providing for any known liability of which the amount cannot be determined with substantial accuracy."

The crucial point, according to Mr. Richard Yorke, QC, a leading commercial and banking lawyer, is that the liability or loss must be known. Referring to the Barclays and Nat-West statement about general provisions, he says in a joint opinion with Mr. Stuart Isaacs, barrister: "The notion of a bad debt which remains to be identified but which nevertheless can truly and fairly be described as a known liability is difficult, if not impossible, to comprehend.

"Neither can the alternative limb of the definition give the clearing banks any comfort. At first sight it would seem that any amount retained by way of providing for diminution in value of assets—whether known or not — is a legitimate provision.

"But this diminution cannot be plucked out of the air, however convenient it might be. It must clearly be shown to be real, and this requires that it be identified or known.

"Assuming in favour of the banks that it is proper to have regard to past experience in order to say that a quantum of current debts, say 1½ per cent, is "known" to be bad, it does not follow that any provision in excess of past experience, no matter how prudent it may be to make it, is within the Companies Acts."

So to the extent to which the clearing banks make general provisions for unidentified bad debts, say Yorke and Isaacs, "they are continuing to create secret reserves." That they know they are doing this is clear from their evidence to the Wilson Committee."

But what are the consequences of all this? Richard Yorke and Stuart Isaacs summarise the position as follows:

"The consequences of a failure to comply with the Companies Acts is that the directors are guilty of an offence under section 149(6) of the 1948 Act which until 1976 attracted a maximum fine of £200 or six months' imprisonment. Since 1976 an offence under the section is punishable by an unlimited fine."

It is still a defence, of course, for a director to prove that he took all reasonable steps for securing compliance with the law.

"At first sight, it might be thought that the employment of competent accountants, and the absence of any protest in the auditors, is a sufficient defence. But in view of the obligation placed on the directors personally to consider the necessity for the amount of the general provision it is doubtful whether this is so.

"On the other hand, it probably would be sufficient for the director to produce the minutes of board meetings at which he was outvoted, recording his own objections to the amount of the general provisions based upon their extension to unidentified bad debts."

As for the accounting firms of Price Waterhouse, Ernst and Whinney and Peat Marwick Mitchell whose auditors' reports on the clearers' accounts continue to state in the usual way that the accounts both conform to the requirements of the Companies Acts of 1948 and 1967, and give a true and fair view of the company's state of affairs—Yorke and Isaacs simply say: "The accuracy of each of their reports is questionable."

A final point can be made, as far as the auditors are concerned. As Yorke and Isaacs say, there is an old and famous maxim in common law—Communis opinio facit jus—which can be put simply in the form: what everyone believes to be the law is the law. In other words, up to now the auditors of the clearing banks could defend their position on the grounds that nobody questioned the banks' accounting practices. This is no longer the case.

The disclosure of the IBRO comments is likely to regenerate interest in the clearers' accounts at the Department of Trade, which has already held discussions with the banks about the matter. Before this, Department officials had apparently been advised by the DoT solicitor that it would be difficult to prove that the clearers' accounts were in breach of company laws.

APPOINTMENTS

Group changes at Hawker Siddeley

Mr. T. D. Davies has been appointed to the Board of HAWKER SIDDELEY DIESELS. He is managing director of Petters. Mr. D. A. Beese has joined the Board of WILLIAM AITKENHEAD as chairman, succeeding Mr. M. R. Waterland, who is leaving to take up an outside appointment. Mr. A. S. Hardyman moves on to the Board of the WESTINGHOUSE BRAKE AND SIGNAL COMPANY as finance director. Mr. H. R. Baines and Mr. J. W. Ryan, having reached retirement age, have relinquished their directorships of that company. The parent concern is HAWKER SIDDELEY GROUP.

★

The Committee of Management of the INSTITUTE OF CANCER RESEARCH has appointed Dr. Robin Weiss as its new director. He has been head of the Laboratory of Viral Oncology at the Imperial Cancer Research Fund and will take up his new appointment on May 1 next year when Professor Leonard Lamerton, present Director of the Institute, retires.

Mr. A. C. B. Harden has been appointed a consultant to C. E. HEATH AND CO. (INSURANCE BROKING).

★

The Minister of Transport has appointed Mr. Ian Heggie as his special adviser on transport matters.

★

Mr. T. G. Williams has been appointed by the AUSTRALIA AND NEW ZEALAND BANKING GROUP as chief manager (International) in London to succeed Mr. W. J. Bailey, who is returning to Australia to take up a new position. Mr. Williams held a senior post in the Bank's City Office, London, from 1967 to 1970. He is at present chief agent in New York.

★

Mr. John Trafford has joined the CORPORATE CONSULTING GROUP as a partner. He was formerly a director of Heidrick and Struggles International.

★

Mr. Barry Hartiss has been appointed operations director of HALLAMOIL and of KING FUELS, members of the commercial division of Burnett and Hallamshire Holdings.

★

Mr. Patrick Vander Elst has been appointed managing director of MARINE MIDLAND LIMITED, the London subsidiary of Marine Midland Banks.

★

First National Bank in Dallas has changed the name of its London-based merchant bank from First International Bancshares Limited to FIRST DALLAS LIMITED. Ownership of the merchant bank was moved from First International Bancshares, Inc., the bank's holding company, to the bank last August. Mr. Frank E. (Van) DuBose has been appointed managing director and chief executive officer of First Dallas Limited.

★

Mr. Erik Soerensen, vice-president, marketing, enzymes division, has been appointed assistant executive vice-president in the pharmaceuticals division of NOVO INDUSTRI A/S. He is expected not later than July 1, 1980, to succeed president-elect Mr. Mads Oevlisen, who will then leave pharmaceutical management. Mr. Soerensen will at that time enter Novo's corporate management, the first year as acting member. Mr. Bent Vaboe has become acting vice-president of Enzyme Marketing; Mr. Gullan S. Agerbak has been made product group manager for Novo's pharmaceutical products exclusive of insulin; Mr. Robin A. Priddle will be product group manager for insulin; and Mr. Kud Stig Andersen, head of the systems department of EDP.

★

Mr. Frank Keaghan, director of operations for Carreras Rothmans, has been appointed to the Council of the BRITISH INSTITUTE OF MANAGEMENT.

★

Mr. Raymond Snell, formerly director, participation operations, British National Oil Corporation, has joined MOBIL NORTH SEA as joint interest and gas adviser.

★

Lady Vaizey and Mr. J. M. Reid have been made representatives of the travelling public on the passenger services sub-committee of the HEATHROW AIRPORT CONSULTATIVE COMMITTEE. They replace Mrs. S. C. A. Bond and Mr. J. A. Clayphon, whose term of office has expired.

★

Mr. William Nicol has been appointed president of CECOMAF (EUROPEAN COMMITTEE OF MANUFACTURERS OF REFRIGERATION EQUIPMENT).

★

Mr. R. Burleigh and Mr. C. H. Hosking have been appointed associate directors of JOHN HOWARD AND COMPANY INTERNATIONAL.

★

Mr. G. A. Wrightman has become a director of FREMONT INSURANCE COMPANY (UK). The following have been appointed as U.S. directors: Mr. L. E. McIntyre, Mr. J. A. McIntyre, Mr. D. L. McIntyre and Mr. H. W. Degner.

★

Mr. David C. Howarth has been made a partner of G. F. SINGLETON AND CO. He has been with the firm's Manchester office for 31 years. Mr. David I. Hepworth and Mr. James A. Hague have been appointed associates to the partnership.

★

Rear Admiral Sir Nigel Cecil has been appointed Lieutenant Governor of the ISLE OF MAN in succession to Sir John Paul. Sir Nigel will take up office in September 1980.

★

Mr. L. S. F. Charles has become chairman of ALUMINIUM WIRE AND CABLE COMPANY in place of Mr. R. E. Utiger, who has resigned. Mr. J. C. Armstrong has been appointed to the Board.

★

RAUMA-REPOLA (ENGINEERING) has made the following changes in the organisation of the Lokomo division: Mr. Ian Macleod-Smith becomes managing director of the Lokomo Crusher and Lokomo Crane divisions; Mr. Michael Bathgate has been appointed a director and general manager of the Crusher division. He was formerly managing director of Bathgate Quarry Equipment; Mr. J. A. Chapman is now a director and general manager of the Crane division.

★

Mr. W. K. Whitehead has relinquished the chairmanship of W. AND J. WHITEHEAD (LAISTERDYKE) and been appointed the first president of the company. Mr. R. G. Hustler has become chairman and Mr. D. B. A. Evans joins the Board as an additional director.

★

SAUDI INTERNATIONAL BANK (Al-Bank Al-Saudi Al-Alami) has appointed Mr. Ford M. Fraker and Mr. Roland de Malherbe as managers in the general banking division. Mr. Fraker, who will be in charge of the bank's Middle Eastern corporate business, joins the bank from Chemical Bank where he was regional vice-president for the Gulf Area and general manager in charge of its offshore bank unit in Bahrain. Mr. de Malherbe will follow the bank's European business and was formerly a manager with Citibank, Paris.

★

Mr. Robert H. V. Douglass, formerly a director of the finance department of Bankers Trust International, London, has been elected director and resident representative of BT FINANCE, Tokyo.

★

Mr. L. J. Baldwin, a director of Clares Carlton and secretary of Clares (Holdings), has been appointed a director of CLARES (HOLDINGS).

★

Mr. Michael B. Harrison has been appointed managing director of FIELDING AND PLATT, a member of the Redman Heenan International group, following the resignation of Mr. J. Lindsay-German. Mr. David V. Rowles, who is managing director of Redman Heenan Process Engineering, will now also become managing director of Heenan Environmental Systems.

★

Mr. Spencer Crookenden has been appointed a director and chairman of BURCO DEAN. He is at present chairman of K Shoes of Kendal.

CONTRACTS

SLP Group to build oil platform modules

The SLP GROUP has been awarded a contract to build the accommodation / control complex for the Maureen platform for Phillips Petroleum Company. The project, valued at almost £5m, is scheduled for completion in 1980. Total weight of the five and three storey modules will be about 3,000 tonnes, and will consist of five modules, three of which are five storeys high and provide accommodation, dining, kitchen, storage, changing, medical and recreation facilities. The accommodation includes 75 two-berth cabins. The two three-storey modules contain a machine shop, switchroom, stores, offices, laundry, and coffee and snack bar, deep freeze food stores, control room, instrument workshop, radio and equipment room, and other facilities.

★

JA ELLIOTT has secured a contract worth more than £5m for the completion of the Darrick Wood site at Orpington for the Utopian Housing Association. The contract consists of the completion of 300 houses, 60 flats and a community centre. Work has commenced on site and is due for completion in 1981.

★

An order worth over £100,000 has been received by TAYLOR INSTRUMENT, Stevenage, from Alexandria Petroleum Company, Egypt, for process control instrumentation for a crude distillation unit.

Vibroplant, Harrogate, has purchased 100 solids handling centrifugal pumps from SYKES PUMPS valued at about £145,000.

A £3.5m contract has been awarded to E. Thomas and Co., Truro, by British Rail Western Region for the redevelopment of part of the Laira maintenance depot in Plymouth. Work has started, and will be completed in 1981. Part of the present servicing building is to be demolished and rebuilt. The new structure will measure 786 feet long by 72 feet wide, almost five times larger than the present building. As at present there will be three tracks. The new area will be used for the maintenance of high speed trains and locomotive hauled coaching stock together with the servicing of locomotives and diesel multiple units. Ten new stabling sidings will be introduced, also a new outside fuelling track. Other stages include a new washing plant; a prototype "nose-end" cleaning apparatus for the high speed trains will also be provided.

★

AUTOSENSE EQUIPMENT, Bicester, has an order worth over £2m from Froude Engineering, Worcester for the design, construction and installation of the computer control system of what will be the world's most advanced post-production line engine testing installation for Land-Rover, West Midlands, comprising 24 fully-automated test cells.

FT Monthly Survey of Business Opinion

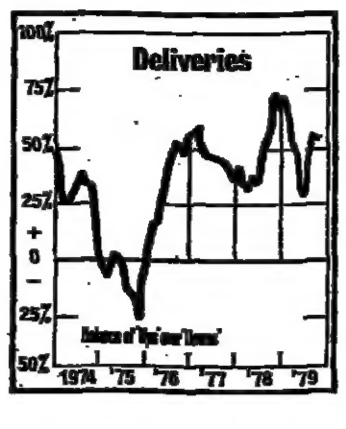
© Statistical Material Copyright Taylor Nelson Group Ltd.

GENERAL OUTLOOK

Confidence drops further

CONFIDENCE ABOUT the prospects for business fell further last month to the lowest point for nearly three years, according to the FT monthly survey of business opinion.

All three sectors covered in October — non-electrical engineering, chemical and oil and shipping and transport industries—were less optimistic than they had been in June. This brought the index down to its lowest point since December, 1976.



However, the steep fall of the previous two months in the index covering the level of optimism about the UK economy generally eased in October, mainly because of greater confidence in the chemical and oil sector.

Industrial relations and the immediate prospects of a recession were the key factors in promoting pessimism.

Engineering and shipping and transport industries reported that deliveries were down in the last four months, but this was counterbalanced by improvements from the chemical and oil group. As a result the index shows little change.

The index for export expectations over the next 12 months rose, even though engineering companies were less optimistic.

GENERAL BUSINESS SITUATION

Are you more or less optimistic about your company's prospects than you were four months ago:	July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	Eng. (non-elect.) %	Chemicals & Oils %	Shipping and Transport %
	4 monthly moving total				October 1979		
More optimistic	24	32	42	45	2	15	39
Neutral	35	38	39	38	24	41	43
Less optimistic	41	30	19	17	74	44	18

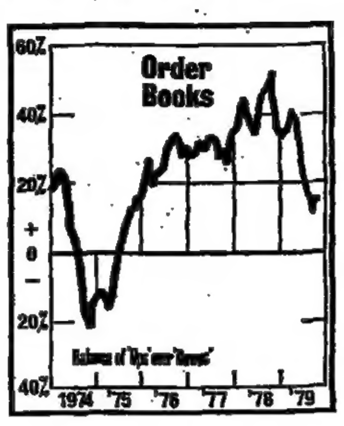
EXPORT PROSPECTS (Weighted by exports)

Over the next 12 months exports will be:	July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	Eng. (non-elect.) %	Chemicals & Oils %	Shipping and Transport %
	4 monthly moving total				October 1979		
Higher	62	56	51	54	33	54	100
Same	24	33	29	30	50	8	—
Lower	13	10	19	15	10	38	—
Don't know	1	1	1	1	7	—	—

ORDERS AND OUTPUT

Decline slows down

THE CHEMICAL and oil sector were markedly more optimistic that output would rise over the next 12 months. As a result, even though the other two sectors revised expectations downwards, the index rose sharply. The median expected increase in output is now 5.6 per cent, compared with 4.8 per cent in September.



The engineering sector was more inclined to report reduced orders over the last four months than it had been last June, but the other two sectors showed slight increases which left the index unchanged overall.

The strike was the chief factor blamed for the decline in engineering orders, with the strong pound and the economic situation being contributory factors. There was also said to be less work available from overseas sectors.

There was little change in the index covering expected order books over the next 12 months. While engineering companies were less optimistic this was offset by increased expectations in the other two sectors.

NEW ORDERS

The trend of new orders in the last 4 months was:	July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	Eng. (non-elect.) %	Chemicals & Oils %	Shipping and Transport %
	4 monthly moving total				October 1979		
Up	52	50	53	60	45	60	35
Same	12	14	17	14	6	—	35
Down	8	7	4	6	41	—	—
No answer	28	29	26	20	8	40	30

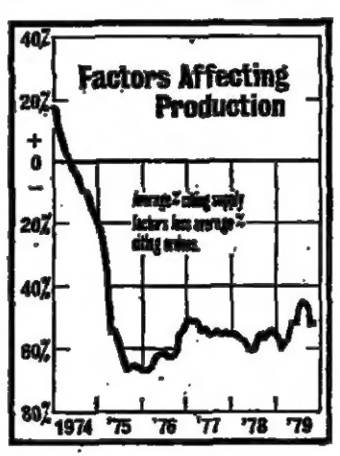
PRODUCTION/SALES TURNOVER

Those expecting production/sales turnover in the next 12 months to:	July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	Eng. (non-elect.) %	Chemicals & Oils %	Shipping and Transport %
	4 monthly moving total				October 1979		
Rise over 20%	6	7	4	4	2	—	—
Rise 15-19%	4	5	3	4	—	—	18
Rise 10-14%	15	8	15	19	—	44	—
Rise 5-9%	22	22	24	24	14	19	18
About the same	43	43	38	35	49	37	52
Fall 5-9%	1	—	—	—	17	—	—
No comment	9	15	16	14	18	—	12

CAPACITY AND STOCKS

Disputes more frequent

THERE was a sharp rise in the frequency with which labour disputes were mentioned as a factor affecting production, together with an increase in concern over shortages of raw material.



Overall, however, the index of the extent to which output was affected by demand rather than supply constraints showed no change.

Most companies in the shipping and transport sector said they were operating at below their planned capacity. This response was offset by more favourable answers from the engineering group, leaving the index unchanged.

There continue to be strong signs that companies are determined not to be caught with rising stocks in the expected recession. There was little change in the index for the expected level of work in progress and raw materials in the next 12 months, although there was a slight rise in expectations for stocks of finished goods.

However, the survey points out that the index would probably have fallen were it not for the effect of some companies wanting to rebuild stocks after the engineering dispute.

CAPACITY WORKING

	July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	Eng. (non-elect.) %	Chemicals & Oils %	Shipping and Transport %
	4 monthly moving total				October 1979		
Above target capacity	10	9	13	13	6	15	—
Planned output	50	50	54	60	47	48	22
Below target capacity	36	37	31	27	47	37	70
No answer	4	4	2	—	—	—	8

STOCKS

Raw materials and components over the next 12 months will:	July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	Eng. (non-elect.) %	Chemicals & Oils %	Shipping and Transport %
	4 monthly moving total				October 1979		
Increase	31	28	33	33	9	59	17
Stay about the same	47	54	55	54	29	26	57
Decrease	15	12	6	7	45	15	18
No comments	7	6	6	6	17	—	8
Manufactured goods over the next 12 months will:							
Increase	17	11	12	13	—	45	—
Stay about the same	49	55	56	55	61	22	53
Decrease	10	8	4	6	8	15	—
No comments	24	26	28	26	31	18	47

FACTORS CURRENTLY AFFECTING PRODUCTION

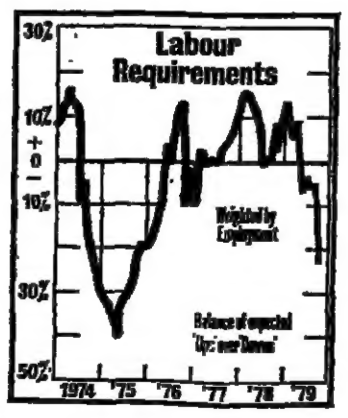
	July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	Eng. (non-elect.) %	Chemicals & Oils %	Shipping and Transport %
	4 monthly moving total				October 1979		
Home orders	71	72	68	67	83	52	39
Export orders	63	61	52	50	95	60	22
Executive staff	9	14	13	13	6	15	—
Skilled factory staff	29	35	38	36	36	30	18
Manual labour	3	7	6	9	1	—	—
Components	9	7	9	9	—	15	35
Raw materials	16	11	9	8	1	40	18
Production capacity (plant)	11	11	11	10	17	—	18
Finance	1	1	—	—	—	—	—
Others	5	4	4	5	22	—	4
Labour disputes	47	41	35	39	63	37	18
No answer/no factor	2	2	5	5	—	—	39

INVESTMENT AND LABOUR

Plans cut back

THE FIRST signs that companies are preparing to cut back on investment plans to meet the recession emerged in last month's survey. At the same time there was a further substantial cut in labour plans.

All three sectors were more inclined to expect their labour forces to decrease than in June, bringing the employment index down to the lowest level since November, 1975.



This meant that about 24 per cent more companies expect their labour forces to fall over the next 12 months than expect them to rise. This compares with a deficit of 14 per cent in September and the figure of 5 per cent typical over the previous three months.

In spite of a slight improvement in investment plans by engineering companies, the index for capital expenditure over the next 12 months fell sharply after being fairly stable for several months.

Most of the respondents were interviewed before exchange controls were abolished but the survey comments that from the pattern of answers abolition was unlikely to have any major effect, "apart perhaps from one on financing techniques."

LABOUR REQUIREMENTS (Weighted by employment)

Those expecting their labour force over the next 12 months to:	July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	Eng. (non-elect.) %	Chemicals & Oils %	Shipping and Transport %
	4 monthly moving total				October 1979		
Increase	15	16	18	16	—	23	—
Stay about the same	44	52	57	60	20	45	62
Decrease	39	30	23	22	80	32	37
No comment	2	2	2	2	—	—	1

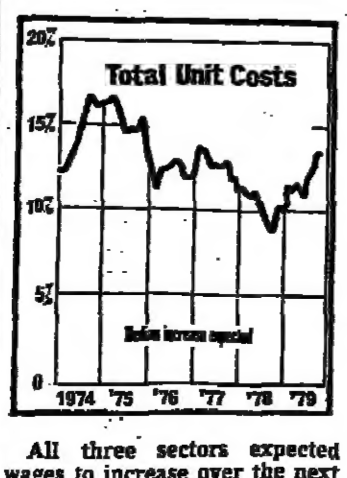
CAPITAL INVESTMENT (Weighted by capital expenditure)

Those expecting capital expenditure over the next 12 months to:	July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	Eng. (non-elect.) %	Chemicals & Oils %	Shipping and Transport %
	4 monthly moving total				October 1979		
Increase in volume	41	42	42	44	47	54	45
Increase in value but not in volume	16	23	23	22	21	2	—
Stay about the same	10	9	9	8	2	16	1
Decrease	25	22	21	22	5	23	38
No comment	8	4	5	4	25	5	16

COST AND PROFIT MARGINS

Wages rise 16%

THE INDICES for both wages and total unit costs continued to rise last month, while more companies expected profit margins to contract.



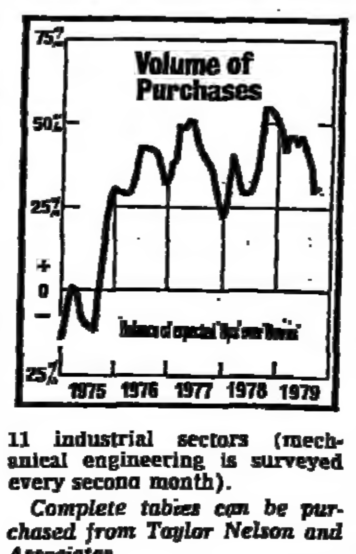
All three sectors expected wages to increase over the next 12 months by more than they had in June. The median expected rise in wages is now 16 per cent, compared with 14.9 per cent in September. The median expected rise for total unit costs rose from 13.4 per cent to 13.7 per cent.

Engineering and shipping and transport companies were slightly more optimistic about profit margins than in June, but this was more than offset by greater pessimism among oil and chemical companies. This index has fallen to the point at which more companies expect profit margins to contract than to rise — for the first time for 18 months.

These surveys, which are carried out for the Financial Times by the Taylor Nelson Group, are based upon extensive interview with top executives.

Three sectors and some 30 companies are covered in turn every month. They are drawn from a sample based upon the FT-Actuaries' Index, which accounts for about 60 per cent of all public companies.

The all-industry figures are four-monthly moving totals covering some 120 companies in 11 industrial sectors (mechanical engineering is surveyed every second month).



Complete tables can be purchased from Taylor Nelson and Associates.

COSTS

	July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	Eng. (non-elect.) %	Chemicals & Oils %	Shipping and Transport %
	4 monthly moving total				October 1979		
Wages rise by:							
5-9%	—	—	2	4	—	—	—
10-14%	27	40	28	52	43	—	17
15-19%	34	32	29	28	35	15	22
20-24%	5	7	4	2	—	—	—
25-29%	1	—	—	—	—	—	17
Same	1	—	—	—	—	—	18
No answer	1	—	—	—	—	—	18
Unit cost rise by:							
0-4%	1	—	2	3	17	—	—
5-9%	7	7	16	22	6	15	—
10-14%	44	45	38	35	26	30	39
15-19%	27	23	21	17	29	33	18
20-24%	4	3	2	1	—	15	—
Decrease	2	2	—	—	—	—	—
No answer	15	20	21	22	22	7	43

PROFIT MARGINS

Those expecting profit margins over the next 12 months to:	July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	Eng. (non-elect.) %	Chemicals & Oils %	Shipping and Transport %
	4 monthly moving total				October 1979		
Improve	24	30	37	36	45	15	61
Remain the same	40	38	41	47	54	22	17
Contract	27	24	16	11	1	43	—
No comment	9	8	6	6	—	15	22

هكذا من الأصل

Unions gather file on deals to cut hours

BY NICK GARNETT, LABOUR STAFF

UNIONS in the chemical industry are collating details of company settlements which provide immediate reductions in hours or commitments to do so.

Mr. David Warburton, General and Municipal Workers Union national officer, said yesterday that deals which incorporated an immediate shortening of working hours generally meant a reduction from 42 to 37½ hours for shift workers. But some also gave day workers a 37½ hour week.

Most of the companies which have conceded shorter hours are relatively small. They are mainly in the North-west and Midlands. The agreements have also been struck at local plant level and the unions will be asking the companies if they are willing to extend the arrangements company-wide.

Some chemical manufacturers have indicated that they are prepared to reduce hours within the next 12 months. Mr. Warburton said that one large manufacturer, Albright and Wilson, had informed senior stewards that it was prepared to discuss the question of hours.

The unions are due to meet senior industrial relations representatives from the Chemical Industries Association later this month to discuss the possibility of reconstituting the national chemical industry agreement. This collapsed earlier this year with the breakdown of national pay talks.

The unions want a national agreement reintroduced but this will depend on management and unions agreeing new minimum pay rates.

The unions will want to consolidate any achievements on the issue of hours in the chemical industry during forthcoming pay and conditions negotiations for the paint and rubber industries.

They have already informed the Paint Makers Association, which represents about 100 paint manufacturers, that reduced hours will be a major part of the claim. Local union negotiators for the rubber industry have also been advised that they will be pressing for changes in working hours.

The national paint industry agreement is due in January, when three quarters of workers in the rubber industry are also due to settle.

Lorry drivers vote for tachograph–plus pay

LORRY DRIVERS in the Peterborough area voted yesterday to accept the tachograph but to seek extra inflation-linked payments to co-operate with its introduction.

The decision was taken by a mass meeting called by Transport and General Workers' Union officials representing 1,500 men in more than 30 companies.

They accepted a proposal from their shop stewards that it would be futile to fight the tachograph.

Mr. Jack Ashwell, Transport and General national secretary, has advised branches not to go ahead with the first of a series of one-day strikes today over the tachograph pending the decision of a special delegates conference later this week.

May and Baker offer accepted

MEMBERS OF the Association of Management and Professional Staffs at two southern plants of May and Baker, the pharmaceutical company, have accepted a pay offer of 15 per cent.

The agreement, which operates from July, followed intervention by the Advisory, Conciliation and Arbitration Service.

Plea on prison officers' pay

NO INCREASES in prison officers' pay should be made without a pledge from the Prison Officers' Association that it would urge its members to take courses in some form of psychiatric nursing, the Matthew Trust urged Mr William Whitelaw, the Home Secretary, yesterday.

The Matthew Trust represents several hundred mental offenders in top security hospitals and prisoners with a mental illness background.

NUPE to fight cuts in public services

THE EXECUTIVE of the National Union of Public Employees instructed officers at the weekend to develop a policy of non-co-operation over public service cuts.

Mr. Bernard Dix, assistant general secretary said NUPE's 700,000 members were not prepared in any way to co-operate over spending cuts. Workers would refuse to accept increased duties if workforces were cut or overtime reduced.

"We will not do it. Some of the work will just remain undone," he said.

Mr. Dix did not rule out the possibility of strikes. He indicated, however, that the union would not be prepared to give general support to strike action, but national officers would want to look at each issue as it arose.

The union would be careful not to be led into a trap where a local authority might welcome a strike as a way of saving money.

The executive council said the cuts would "further increase unemployment and reduce living standards at a time of economic recession."

It welcomed the TUC campaign against the cuts and declared its willingness to co-operate with community groups, such as hospital leagues of friends, parent teacher associations and tenants' associations, in a campaign against Government policies.

BL aims to set manning levels and work pace

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL HOPES to press home the advantage gained by the overwhelming workforce support for its redundancy plans in pay negotiations which open today. The company has totally rejected demands for a 30 per cent index-linked increase for the 90,000 car workers.

Management insists that it can afford only a 5 per cent increase plus a self-financing productivity deal. And the price for the package must be a radical change in working methods and an end to restrictive practices.

BL believes the time right for an assault on the powers of shop stewards to control manning levels and the pace of the job—the issue which management maintains is at the heart of the company's poor productivity record.

Shop stewards, who were almost unanimous in their opposition to plans by Sir Michael Edwardes, the BL chairman, to close plants and make more than 25,000 workers redundant, realise their authority has been undermined by the workforce ballot, which registered a seven to one decision for the management line.

Union negotiators, while aware of their weakness in the three days of talks which open in Coventry today, believe the reforms demanded by management are so radical that a shop floor revolt is almost inevitable when it comes to detailed implementation.

A clear option for management would be to resort once more to the ballot, as it did with last year's 5 per cent pay offer. The complication is that part of this year's package is an incentive scheme very similar to one rejected in a previous ballot.

Mr. Geoff Armstrong, employee relations director, has stressed that a quick end to negotiations is important. "We are not playing negotiating games," he said. Industrial action would not force the company to pay more but push it "nearer to the brink."

Questioned

The authority of BL Cars' existing negotiating machinery has been thrown into question by the demand from Sir Michael for "a strong group of top people" to seek new mechanisms to speed up the resolution of disputes.

The issue will be discussed at the next meeting of the executive of the Confederation of Shipbuilding and Engineering Unions on December 6. The confederation has already swung its weight behind pushing through Sir Michael's strategy.

Mr. Alex Ferry, general secretary of the confederation, said last night that, having recommended the plan, there was a responsibility to help with its implementation.

Such official support would provide valuable assistance to BL in effecting the large-scale transfer of work between plants. Opposition by some groups of workers seems inevitable, but the confederation's leadership appears prepared to exercise its authority.

The company has time on its side to the extent that the closures and transfer of work are not scheduled until next year.

The executive committee of the Transport and General Workers' Union, which recommended its members not to vote for the plan, will review its position on December 3. The union claims to represent 70 per cent of the BL workforce.

TASS, the white-collar section of the Amalgamated Union of Engineering Workers, will also review its stance of total opposition. The staff union will find itself under considerable pressure to lift sanctions, already imposed, which prevent the transfer of designs and plans between plants.

The BL board meets on Wednesday to give official approval to the revised strategy, which is thought to require an additional £200m of state aid to finance acceleration of the model programme, redundancies, and rationalisation.

BR opens new Glasgow line

BRITISH RAIL opens its new Argyle line and seven new stations in Glasgow today. The 4.75-mile line links the city's north and south electrified suburban networks, and will increase the number of trains by about 30 per cent to nearly 900 a day.

Building and Civil Engineering

£4m factory and office awards

CONTRACTS WORTH £4.2m have been won by John Willmott Construction and A. E. Symes Construction.

Jobs include: laboratory building at Saffron Walden for Fison Agrochemical Division, value £920,000; factory extension for V. S. Engineering, Luton, value £347,000; 10 warehouse units at the Caledonian Trading Estate, London, N7, for Hanover St. George Developments, value £700,000; an office building at Goat Wharf, Brentford for Dimsdale Management Services, value £681,000; and refurbishing of offices at Hitchin for the Provident Mutual Life Assurance Association, value £620,000.

Other contracts included in the total are for Haslemere Estates and Key Markets.

House modernisation and sewerage work

CONTRACTS TOTALLING more than £3.5m have been awarded to Bryant Holdings.

Major jobs are for the modernisation of municipal houses. One contract is for Walsall Metropolitan Borough for refurbishing 220 pre-war dwellings in 47 weeks. This is Phase 6 of the Blakenhall area in Bloxwich and is worth £1.5m.

Work for Dudley Metropolitan Borough is for the modernisation of 82 dwellings on the Stambermill-Stepping Stones Estate, Stourbridge. Contract period for this £362,000 job is 26 weeks.

A sewage treatment works extension at Stanley Downton, near Stroud, Gloucestershire, has been awarded by the Lower Severn Division of the Severn Trent Water Authority and is worth about £1.3m.

Two industrial factory units are to be built at Woodley Airfield, Reading, for Adwest Properties under a £381,000 contract.

Several jobs for Laing

WORK INVOLVED in contracts worth more than £1.1m awarded to John Laing Construction, includes modernisation of homes, repairs to stores and an extension to a prison.

Modernisation job is worth £330,000 under a contract from London Borough of Southwark, covering 40 inter-war homes in different locations in Southwark.

A new kitchen block at Gartree prison, Leics., is worth £350,000 under a Home Office award.

At the Bull Ring Centre in Birmingham the company has a £200,000 contract to repair fire damage to the roof of the Mecca banqueting suite and, in Worcester, a £100,000 contract to repair fire damage to the Woolworth store.

In High Street, Perth, the company's Scottish region is to alter and renovate a British Home Stores under a £140,000 contract.

Plymouth rail depot

BRITISH RAIL has awarded a £3.5m contract to E. Thomas and Company (subsidiary of the Mowlem Group) to redevelop part of Laira maintenance depot, Plymouth.

Work has just started on the job which includes the demolition of an engine shed, and the construction of a new three-track shed 240 metres long by 22 metres wide, with inspection pits beneath the tracks. The building will be of steel frame and will house High Speed Trains.

In addition, there will be miscellaneous ancillary buildings constructed in traditional brick and blockwork.

The contract also calls for the laying of ten sidings together with fuelling and washing facilities. Completion is due in autumn 1981.

The facilities entail many different engineering services to be carried out by specialist nominated sub-contractors.

Strength of concrete in sea water

THE DEPARTMENT of Energy has agreed to provide two-thirds of the £600,000 needed to finance the second phase of a concrete-in-the-oceans research programme. Its commitment to the £400,000 is based on the expectation that the Construction Industry Research and Information Association will raise the remaining £200,000 from industrial contributors. The full £200,000 target has yet to be hit but CIRIA says it has made enough progress in attracting support for the work to begin.

In this work the aim will be to provide specific information on the strength of structures exposed to the pressures of deep water, the mechanics of corrosion in sea water and in the splash zone, and the fatigue effect of wave action.

Details of the research can be obtained from Mr. Peter Pullar-Strecker, at CIRIA, 6 Storey's Gate, London SW1, (01-222 8891) or Dr. John Sharp, Marine Technology Support Unit, AERE, Harwell, Didcot, Oxon., (0235 24141 ext. 3125).

Industrial estate

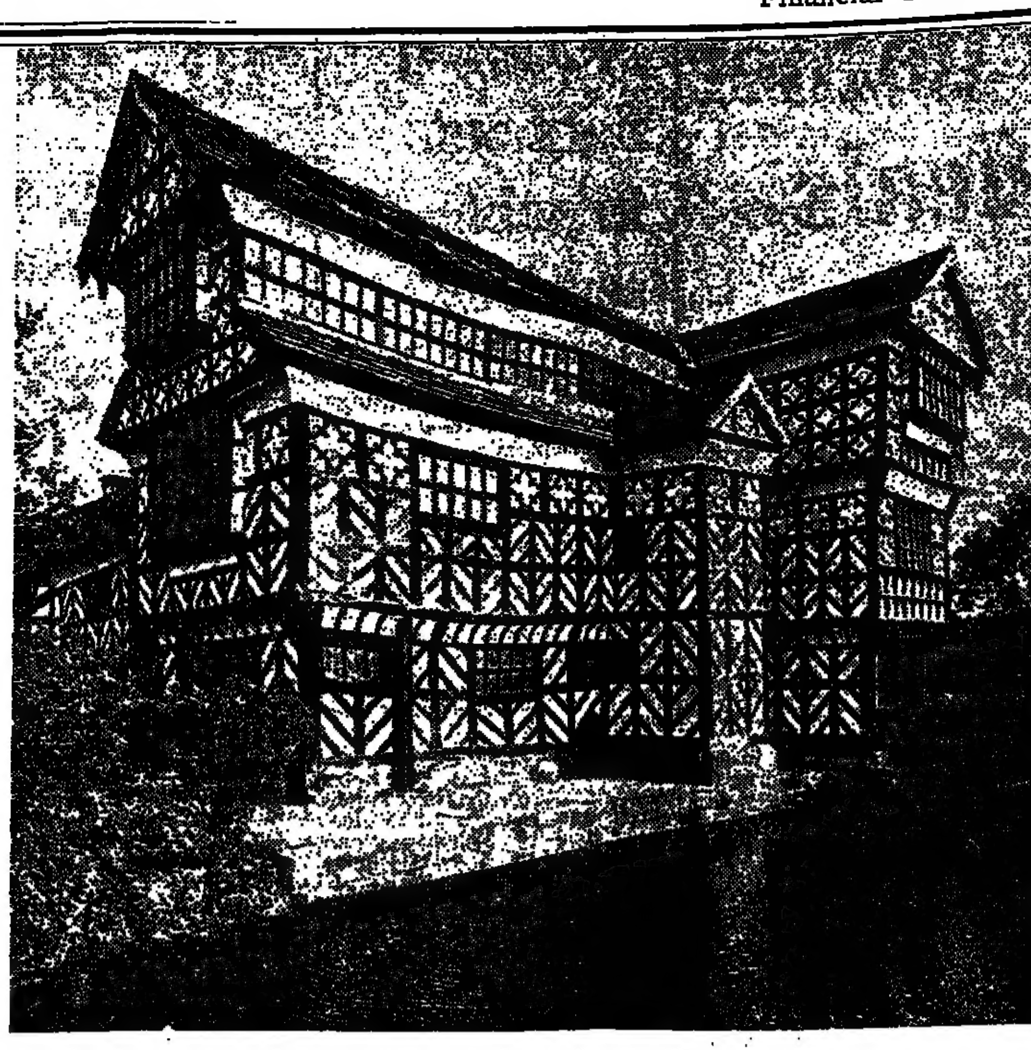
WORK ON the £3m first phase of the White City Industrial Park at Wood Lane, London, W12 has begun.

Henry Boot is undertaking the contract which calls for about 160,000 sq ft of factory and warehousing premises plus integral office accommodation. The site is close to the M41 and is opposite the BBC TV studios.

Completion of this first stage, for the Arrowcroft Group is scheduled for early 1981. Architects are the Julian Keyes Partnership.

Warehouse units

THREE SEPARATE contracts worth £2m have been awarded to G. Dew and Co., and cover: design and construction of six warehouse units at Blackrod Estate, Horwich, for Land Securities (Management); design and construction of industrial nursery units for the City of Manchester; and construction of new premises within the area of existing works for Oxley Threads, Guide Mills, Ashton-under-Lyne, Lancs.



This timber-framed building — Little Moreton Hall in Cheshire — is being restored for the National Trust by R. Bridgeman and Sons, a member of the Linford Building Group. The second phase of restoration has begun with the re-slating of the west wing. The company has already carried out extensive repairs to the roof which was first built in 1570 and had not been repaired since the 18th century.

Three awards to Wimpey

ASSOCIATED DAIRIES has awarded a £2.3m contract to Wimpey for the construction of a superstore complex at Trallwn, Swansea.

The development, apart from the superstore, will include six shops units with restaurant, storage areas, office, public toilets plus boiler room, auxiliary services and external works. A steel frame with brick cladding will be used and total floor area will be over 50,000 square feet.

Work hs just begun and is due for completion in September, 1980. Architects are Holder and Mathias Partnership and the quantity surveyors Bellamy and Wareham.

Another contract for Wimpey is worth about £1m and is from the Swaythling Housing Society of Southampton. This is for the refurbishment of 129 dwellings, at Swaythling and West End, Southampton.

In general, the modernisation programme entails the renewal of fabric as necessary, installation of central heating, electrical rewiring, modernisation of kitchens and bathrooms and general services. Work has started and is due to be finished in August, 1980. Architects are Grove Hagger Smith and Tear.

A third job for Wimpey has been awarded by Livingston Development Corporation in Scotland for the building of 51 houses in the Knightsbridge district of the new town. This is worth nearly £¾m and is due for completion early in 1981.

£3m awards to Kyle Stewart

WORK HAS started on a new Asda superstore at Park Royal Road, Park Royal, London.

This £2¼m contract, awarded to Kyle Stewart, calls for the erection of a mainly single storey building with mezzanine office accommodation. The building is to be steel framed with external walls in brickwork and blockwork. There will be extensive car parking and external works.

Area of the ground floor will be 6,700 square metres and the mezzanine floor 500 square metres. Work is due to be completed in 44 weeks.

Kyle Stewart has also won a £900,000 contract at Brooklands Industrial Park, Oyster Lane, Weybridge, Surrey.

Awarded by Oyster Lane Properties it is for the construction of five industrial units, each of about 1,000 square metres ground floor area with integral office accommodation.

This contract includes car parking lorry access, landscaping and the extension of all mains services to the area.

Big order for water pumps

PUMPING equipment for the Cutzamala (Mexico City) water supply is to be supplied by Compagnie de Construction Mécanique Sulzer.

CCM Sulzer received the order (in conjunction with the manufacturer of the electric driving motors, Jeumont-Schneider) after an international invitation to tender had been put out by the SARH (Secretaria de Agricultura y Recursos Hidráulicos) and the CAVM (Comisión de Aguas del Valla de México).

The contract is worth about FFr 90m (£10m) and it covers the supply and installation of 35 pumping sets.

Housing by Taylor Woodrow

PLANNING permission to build 144 houses on sites in two different parts of the UK has been obtained by Taylor Woodrow Homes and Taylor Woodrow Homes (Scotland).

The larger project for 83 luxury houses is at Newport-on-Tay in Fife, Scotland. Here the houses are to be of split-level design, and will be built on an elevated site overlooking the Firth of Tay.

The second scheme, for 61 homes, is at Middle Barton in Oxfordshire. Located near an existing residential area of a one-street Cotswold village, the estate is to be split into several groups or clusters of houses in order to cultivate a community feeling. Both projects are now under way.

West Country pipelines

THE LARGEST of three con-contracts with a total value of over £1m awarded to McAlpine Services and Pipelines is worth about £900,000. It is to be carried out for the Property Services Agency and involves construction of a pipeline, about 40 kms long, from Falmouth to RAF St. Mawgen, Newquay.

This cross-country pipeline will start on the south coast and finish on the north coast, completely crossing the county of Cornwall and, in the process, 48 roads, one single and one double-track railway, 17 rivers and streams. Completion is due at the end of January, 1980.

For South West Gas, the company is to construct a 3 km length of 300 mm diameter, wrapped steel pipeline, which is a relay to an existing line at Hewish, Weston-super-Mare. Also for South West Gas, at Portway, Bristol, a 600 metres long, 250 mm diameter wrapped steel pipeline is to be constructed as a relay to an existing line. These two contracts together are worth over £200,000.

Sir Alfred McAlpine and Son (Northern) has won a £600,000 contract from Shell Research for work at its Thornton Research Centre near Ellesmere Port, Cheshire. The company is to alter a steel-framed building to form a new engine systems laboratory. This entails replacement of existing curtain walling with facing brickwork, and construction of a reinforced concrete first floor.

McAlpine is already engaged on a £1m plus laboratory contract at Thornton Research Centre.

Big show in Birmingham next month

THE WHOLE of the National Exhibition Centre in Birmingham will be used to house the 38th International Building and Construction Exhibition (Interbuild) which opens on December 2.

In conjunction with the exhibition 16 seminars covering subjects of interest to everyone concerned with the industry will be held. The last exhibition in 1977 was attended by over 125,000 visitors.

Full details of this year's event can be obtained from Interbuild, 11, Manchester Square, London W1M 5AB (01-486 1951).

IN BRIEF

● A UK buying office for building materials and forest products for shipment to Middle Eastern markets has been opened by Wickes (International) AG at Pembroke House, Wellesley Road, Croydon CR9 2BN (01-680 3902).

● Shepherd Engineering Services has just started work on the air-conditioning and mechanical services at the Crown Courts at Nottingham for the Property Services Agency. This is worth £250,000.

● Sigmund Pulsometer Projects, member of the SPP Group, is to supply and install all the mechanical and electrical plant for a Wessex Water Authority scheme to upgrade the West Bay Head Works which serves the Bridport and Beaminster areas. Contract is worth £200,000 and has been placed by the Avon and Dorset division of the Wessex Water Authority.

● The BP Pensions Fund has awarded contracts to Walter Lawrence and Son for phase 1 of a refurbishment programme at 10-11 Charles Street, London (valued at £110,000) and similar work at 12-18 Hill Street (value £30,000).

● Bison Concrete is supplying a precast concrete structure and other components for a phase 4 in the development of Heathfield High School at Cradley Heath, West Midlands, to a value of £141,037.

Midlands get the flavour of France

WHEN THE Coventry-based French House first entered the UK market it wisely shunned costly sites in London and the southern counties. Activities were concentrated in and around industrial spots in the Midlands where the company aimed to attract first-time house buyers and, at the same time, strengthen the principles of its parent company, Groupe Maison Familiale.

France's largest house builder, GMF, was created in 1949 to supply inexpensive housing for those who had suffered devastation of their homes during the war. The company also provided a funding system for local potential owners who found it difficult to start again.

In the UK, French House immediately captured the imagination and means of Midlands home hunters with its distinctive style of house building by the introduction of the "Camerica."

Called Camerica after the Latin name Camericum for Cambrai—which is the headquarters of the parent company—it has proved an unfailing success.

Distinctive roofline—reminiscent of a French farmhouse—dormer-style windows, shutters which actually open and close, french windows (doors, that is, to us) and better thermal and sound insulation characterised the French House product.

Present-day buyers, admits the company, are now third or fourth time owners—detached, spacious and definitely different, the home is too up-market for first-time mortgage seekers. Nevertheless, after its success on sites at Bedworth, Leamington Spa, Ashby-de-la-Zouch, Northampton, Wellingborough and other places throughout the Midlands, acceptance of the design is being thwarted by Anglo Saxon attitudes.

Planners in the north west object to the French House winner because they say it is "not in keeping with the English rural scene."

A little Gallic cunning could have been exercised by naming the house "Balmoral" or "Windsor" perhaps, which might have won a thumbs-up from the authorities. French House, however, played it straight off the bat and is now attempting to appease the planners with its modified design, Normandie.

Introduced as a home "designed by the French with the English family in mind," this should be palatable to the men at the Town Hall, and to new customers. Original clients, who tend to stick with the company, will, however, have to adapt to a home which is different from the one they left behind on their move to another area.

French House should take consolation from one great Englishman's remark:—

"But Lord, to see the absurd nature of Englishmen that cannot forbear laughing and jeering at everything that looks strange."

Samuel Pepys would surely question the strangeness of 20th century Englishmen (albeit those north west of Birmingham) who cavil at a product which has contributed to the company's trebling in size within the past 18 months.

Sites already in operation in the north west are near Leyland Frodsham on the M56 near Runcorn; Hough, a few miles from Nantwich; and a proposed development is at Accrington.

French House is at Manor Court, Manor House Drive, Coventry CV1 2EY (Coventry 58411).

DEBORAH PICKERING

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● MATERIALS

Priming paint for rusty surfaces

AN ANTI-RUST primer called Rustec which has been on the market for about two years has now been incorporated in a solvent-based quick-drying resin paint.

The product is claimed to be particularly suitable for treating rust on vehicles, will adhere on existing cellulose and accept most primers and finishes. It can be over-coated when hard dry which would not be less than two hours after application and most good quality finishing gloss paints can then be applied.

Application can be by brush, roller or spray directly on to the rusty surface. It is recommended that loose, flaky rust be removed by wire brush—it is not necessary to pretreat light rust although unsound paint films with rust beneath should be removed as Solvent Rustec is only effective if it comes into contact with a rusty surface.

The product is being manufactured by R. J. Hamer, Miles Road, Mitcham, Surrey CR4 3YB (01-648 2064).

● HANDLING

Semi-automatic strapper

INTENDED FOR general industrial use but with particular applications in the agricultural, horticultural and fishery industries is a semi-automatic strapping machine from Pakseal Industries, Pakseal House, Cordwallis Estate, Maidenhead, Berkshire (Maidenhead 26381).

Two design features of the Man-O-Mat are: vertical mounting of the strap tensioning and heat-seal mechanism (which greatly reduces maintenance and cleaning); and the fully adjustable conveyor roller.

The latter allows the machine to be set for strapping one particular product and altered within seconds for a completely different size of pack. Minimum height of pack that can be strapped is three inches while there is no limitation on package lengths.

● SAFETY & SECURITY

Aids control of fire

A MAJOR improvement in the safety of heating and ventilating systems on offshore platforms is claimed to have been developed by Offshore Ventilation in the form of an automatically resettable heavy-duty fire damper.

Fire dampers are installed in ventilation ductwork systems to prevent the passage of smoke, flames or gases from one space to another through the ventilation system. The risk of fire on an oil platform is considerably greater than in a normal living/working environment owing to the presence in certain areas of hydro-carbon gases. Fire dampers must be regularly maintained and tested because they play such a vital part in ensuring the safety of personnel and equipment.

Testing of conventional fire dampers operated by solenoid and fusible link has always been difficult, because each damper must be manually reset at site. As this involves removing duct covers for access to the inside of 50 or dampers on a typical platform, one complete test of all fire dampers would be a major operation.

The new fire damper can be tested and reset by push button from a central control room and can be operated either electrically or pneumatically. It operates by a system of sliding blades on a guillotine principle and this design permits the damper to be no more than 6 ins. in length (in the direction of airflow), it is stated.

Dampers of this type can be arranged to operate when either smoke or heat has been detected and then remain under the full control of the fire fighting authority who may wish to open and close particular dampers during the course of the fire to alternately clear smoke from an area and then cut off further air supplies.

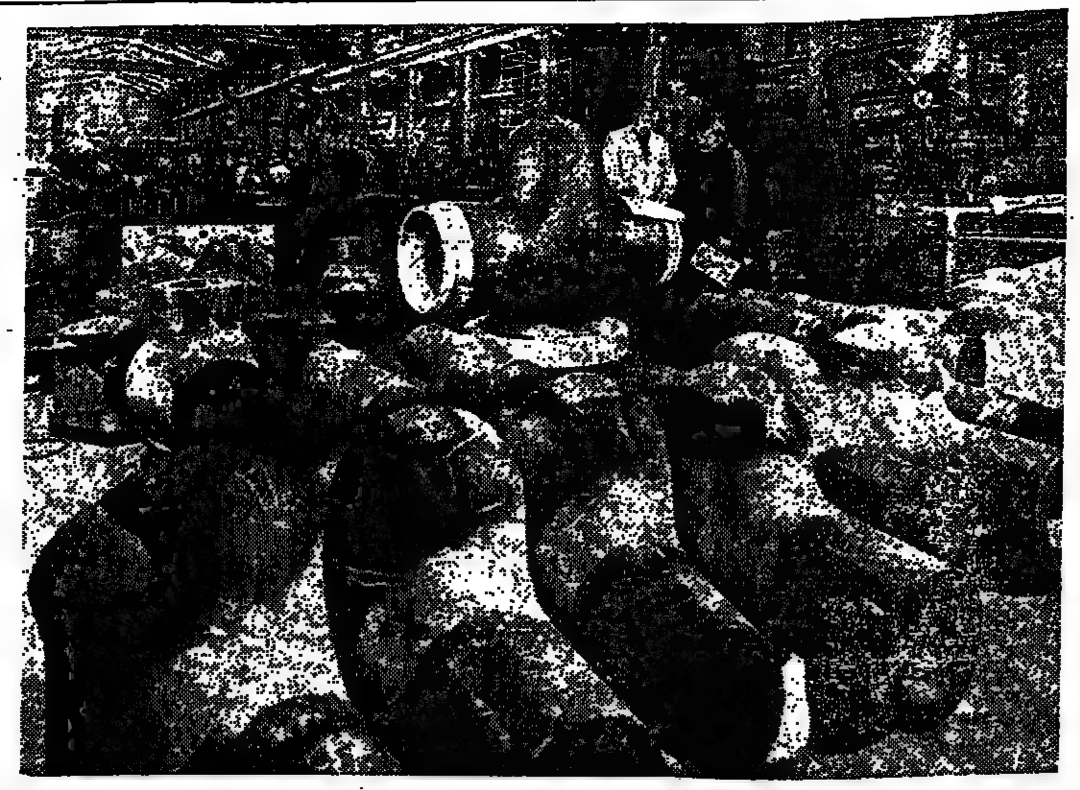
Dual-role intercom

AN INEXPENSIVE intercommunication system offered by ITT Terryphone consists of a master station to which can be connected up to nine sub-units.

Each sub-unit can be called independently from the master, or they can all be called at once. Simple press button operation for calling and for speaking are provided; on the master station a self-latching security button when pressed allows sounds picked up in the room in which it is installed to be heard in other rooms. Apart from the obvious security value, the system can also be used as a baby alarm.

The master unit is plugged into the mains and the sub-units are supplied complete with cable and cable fixings. All the units have self-adhesive pads to allow fixing to desk, table or wall.

More from Station Approach, London Road, Bicester, Oxon (08692 44661).



Surrounded by unmachined castings for a variety of home and overseas contracts, the body under inspection in the background is one of four 600 mm steam isolation parallel slide gate valves being built by Dewrance and Company of Skelmersdale, Lancs. for a new boiling water reactor nuclear power station under construction near Valencia, Spain.

● IN THE OFFICE

Shreds the secrets

SUGGESTED FOR the shredding of documents in large offices, banks, government premises, industrial and commercial areas, is the Shredtamer 1 (HD) from Portable Factory Equipment, Summit Works, Smith Street, Hockley, Birmingham B19 3EW (021 554 7241).

Cutting head is 16 inches wide and made of carbon steel and up to 50 sheets of paper can be shredded in one pass. It will also destroy continuous computer print-out paper, light metal printing plates, data sheets, index and computer cards and cardboard.

● MARKETING

Japanese trade guide

THE JAPAN trade organisation (Jetro) is to publish an English language technical guide for electrical appliance exporters. Its aim is to enable both foreign manufacturers and exporters to meet the technological requirements set forth by the Japanese Government.

The 500-page volume will cover all the key regulations and standards for hundreds of electrical appliances and legal requirements which must be met before such goods can be marketed in Japan.

Up till now this kind of technical information has been available only in Japanese which has made it impossible, says a Jetro spokesman, for overseas firms to understand thoroughly all the requirements they must meet for the Japanese markets.

Only a limited number of copies will be available on an advance-order-only basis from the publications department, Jetro, 2-5, Toranomon 2-Chome, Minato-Ku, Tokyo 107 (03-582 5511) at a cost of US$400 (including postage).

● PACKAGING

Alternative to metal containers

ALTHOUGH DEVELOPED for the packaging of emulsion paints and first available in the popular DIY 1-litre size, injection - moulded plastics Paintainers will also be suitable for foods and other products says Superfos Packaging (UK), Kilburn Road, Oakham, Rutland (Oakham 3771).

Cylindrical in shape, with a common diameter of 110 mm, these containers can be handled efficiently by existing can packaging lines which would require relatively minor modifications, it is claimed.

Easier for the typist

MORE SOPHISTICATED than the ordinary electric golf ball machine is the Facit 1880 electronic typewriter whose maker says "If you can type you can also use the 1880 right away . . ."

Equipped with a memory and a number of automatic functions all of which are logically built up and simple to learn, its greatest advantage is that it saves work; for instance the carriage returns at the right word break.

It is silent, costs about £1,450 and is produced by Facit, Maidstone Road, Rochester, Kent (0634 401721).

● CONFERENCES

Keeping abreast of ideas

FOR AT least a decade, industrialists have been talking about technology transfer. But the present on-going energy crisis is making a constant watch over what the competition is doing more important than ever before.

Any new manufacturing process which needs less energy or uses less expensive materials than those commonly applied is of interest.

But there are many other facets to the problems of buying ideas and these will be examined at a seminar: "The Realities of Technology Transfer" to be held on November 20-21 at Mikrocentrum, Kruisstraat 74, 5612CJ Eindhoven, The Netherlands.

Of particular importance is the session entitled "Technology Transfer—A Cover for Industrial Espionage?" in which the discussion leader will be Dr. M. Fortini, managing director of SITI SpA, Rome.

● CATERING

Burgers by the dozen

HEAVY-DUTY gas griddle equipment designed for the very hungry, since it will cook 36 hamburgers in five minutes, offers the possibility of both easy control and even cooking and will cope with patties straight from the deep freezer.

An extra-large griddle area is heated by four individually thermo-controlled gas burners and allows more economical use with the cooking sections coming into service only as demand dictates.

Consistent quality and higher than average output are the claims made by the manufacturer. The "Burgermaster" has electronic ignition and is mobile.

Cooking surface measures 915 mm × 712 mm and is made of mild steel plate. It has open ends to help clearing deposits into right- and left-hand fat receptacles which Moorwood Vulcan supplies as standard.

Moorwood Vulcan (Valor Group) on 074 15 3121.

● METALWORKING

Welds steel and alloys

A NEW range of MIG welding units has been introduced by AGA Welding of West Drayton, Middlesex. 81 47771.

The four units now offered are said to have many common features—quick connections for the welding guns, high short circuit frequencies, high welding quality and simple settings are some. All are protected from overload by thermostats which interrupt the welding process if there is excessive temperature in the power source.

Wire feed on two of the units—the MIG 160 and MIG 235—is built-in. On the MIG 235s and the MIG 350 it can be mounted on top of the power source, on an extension arm or on its own wheels so that it can be moved around the shop floor.

The MIG 160 is said to be ideal for welding 0.5-2.5 mm mild or low-alloy steel sheet while the MIG 235 can weld 1-5 mm mild or low-alloy steel in one pass. The MIG 350 is suitable for welding both thin and heavy gauge plate in mild steel, low-alloy steel, stainless, aluminium and aluminium alloy.

Tailor-made nozzles

FOR DIFFICULT welding operations, Advance Materials Engineering is now manufacturing special-purpose welding torch nozzles in silicon nitride.

The company says it is able to produce many different shapes suitable for fitting to either existing torches or special types. Details can be obtained from the company at Vauxhall Industrial Estate, Ruabon, Wrexham, Clwyd. LL14 6HY (0978 822456).

How to get rid of your personnel manager

Jason Crisp on how microelectronics must radically affect managers

BRITISH companies may be slow to adopt microelectronics. They may be several years behind competing nations in the application of electronics. But "there is no doubt that British managers are very, very aware of their potential impact," says James Cooke, a consultant with PA *Management Consultants*.

It is his job to lead the PA team which is running the microelectronics awareness campaign for the Department of Industry.

Cooke identifies a very serious gap — in awareness and interest—among mechanical engineering companies in the Midlands and London. "If there is one area which is going to be affected most it is mechanical engineering," Cooke told managers at the recent annual conference of the Institute of Personnel Management in Harrogate.

If awareness levels in the UK may be rising fast, this probably owes much to those trade unions which have expressed alarm at both the possible effects on employment and at management's unpreparedness.

Change fast

Cooke says the companies used as case histories by his consultancy took typically between three and four years to move into the application of microelectronics. "So if we are already several years behind we are going to have to change fast."

The dramatic changes on the working lives of the unskilled and the office worker are being adequately discussed. But Cooke suggested that the biggest cultural change would be that experienced by management.

Most successful companies in Britain, he said, have:

● "a clearly defined hierarchy of management built to constrain and discipline its workforce to produce standard responses to standard circumstances;

● "financial procedures designed to control, and by that I mean eliminate, the growth of peripheral risky expenditure on projects that are not central to the company's purpose;

● "accountant-led management, *oriented to short term goals:*

● "product plans built round marketing and selling power, price and PR rather than new and therefore risky technology:

● "relative *ignorance of* Japan and Taiwan."

By contrast he cited Texas Instruments, which is particularly concerned about the tendency to kill a revolutionary idea with traditional thinking.

"A combination of ready access to seed money for their scientists—up to $25,000 to test a new concept—10 per cent research and development directed into high risk ventures, rotation of entrepreneurial talent within the engineering centres and an aggressive stock ownership scheme—all play their part. Above all, their time *horizons are 10 years, not two.*"

On the contentious problem of large scale losses of production jobs, Cooke said that PA's evidence, and that of the Massachusetts Institute of Technology, did not indicate this would happen—*although he admitted* the evidence was not conclusive.

A major application of the new technologies, he said, would be in energy conservation, where there were no job losses. "In none of the product case *histories did we meet with significant* redundancies. We did however meet the need to retrain, to restructure and to review the traditional roles and functions within the labour force."

While the highly skilled will be least affected, it would not be *hard to forecast considerable* change and threats ahead for the semi-skilled and unskilled, he continued. Micro-electronic based maintenance controls had virtually deskilled the maintenance of plant, and "automatic process controls are hardly *going* to involve greater labour numbers." More intelligent instruments would increasingly replace the need for labour intensive manual operating checks, he forecast.

But Cooke emphasised that these changes would not happen overnight—as he said, four years is the average time taken on product *development, for many* companies it would take even longer.

"There is, therefore, the real opportunity for manpower plans and corporate strategies to work hand in glove to support each other — and given the hostile environment, they must."

But, he warned, manpower *planners face a hostile environment*, not least because the employment environment was likely to take a change for the worse.

"On the *one* hand it is hard to see a bolt-hole for the unskilled and semi-skilled once the new technologies have made inroads upon mechanical and general engineering, upon traditional areas of manufacture and indeed on the largest areas of service employment.

Monopoly

"On the other hand, un*doubtedly*, new *industries* will be created in the developed world. New communication links no longer constrained by the monopoly PTT controls must emerge and they will bring with them wholly new value-added industrial sectors.

"The only question is timing, our ability to shift, and at the end of the employment day our ability to match those skills *needed with the residual skills* available."

Speaking at another session of the IPM conference Philip Virgo, chairman of the Conservative Computer Forum, questioned whether the recent dramatic fall in the cost of on-line computers could result in mass clerical unemployment.

It had not so far, he said, because there were three requirements for a complete and workable system: First it requires a simplicity of *approach which is beyond* that of most commercial computer departments; second a reliability of operating systems and equipment that is beyond most computer manufacturers; and finally a reliability of communications links that is beyond the Post Office.

Virgo gave a provocative *example of how* an *on-line computer* system can be introduced, and the effects it has on manpower.

Most of the opposition to its introduction vanishes, he said, if the system is seen to be "very much under clerical control" and if the effort freed by the system is used to allow staff to give personal attention to queries and anomalous transactions which do not fit the rule book. There is even less opposition *if there is a guarantee of* no compulsory redundancy.

It is always safe to give such a guarantee, he suggested, "because during implementation and for about three months afterwards you need every member of staff since the system goes up and down like a yo-yo, *while your computer* department, the telephone switchboard and the local Post Office engineers learn how to give you *reliability in practice*, and not just in theory."

Then, for about a year, the staff have to clear up the backlog and get thoroughly on top *of the job, said Virgo*. Then he said, you begin to regret the "*no redundancy*" guarantee because, with the end of regular panics and frustrations, your normal staff turnover has dropped and your contented staff are staying.

"Suddenly, about 18 months *after implementation*, your good second line staff start leaving; supervisors, deprived of the opportunity to demonstrate their skills and exercise authority in a crisis, are looking elsewhere. Clerks, no longer scared of computers, want to become operators or even programmers.

"Soon only the managers and the second rate, who were originally terrified of computers, but now reliant on them, are left and the savings have been made. Finally bored with no one to talk to, the personnel manager leaves and is not replaced," Virgo told the personnel managers.

Business courses

Microelectronics for Non-Electronic Engineers, London. December 10-14. Fee: £250. Details from Bleasdale Computer Systems, 7 Church Path, London SW19.

Janner's Complete Law for Managers, Oxford. December 2-7. Fee: £450 (plus VAT). Details from Accelerated Management Development, Six Sheet Street, Windsor, Berks.

Marketing Management Course, Brussels. December 10-14. Details from Management Centre Europe, Avenue des arts 4, B-1040 Brussels, Belgium.

Self-Insight Assessment Centre, Brunel University, Middx. December 3-7. Fee: £325. Details from The Secretary, Brunel Management Programme, Brunel University, Uxbridge, Middx., UB8 3PH.

Portable building maker moves itself to Wales

BY NICHOLAS LESLIE

ANY ONE of Britain's development boards or *corporations* would be only too happy to have someone like John Edwards on its side. After all, each development area is, by definition, at some form of industrial disadvantage and is *trying to* attract or revive an inflow of companies to create employment. As chairman of one of the first companies to be enticed to Newtown, Powys, Edwards *provides* encouragement by being an enthusiastic *ambassador* for his adopted region and for the Development Board for Rural Wales.

Such enthusiasm is rather ironic. For Edwards, whose company Presco *makes a range* of portable buildings, never *wanted* to go to Wales. He went he says "because the Government forced us out of the Midlands." This was because he could not get an industrial development certificate 10 years ago when he wanted to build a *factory* in Stoke-on-Trent.

Another surprising aspect of his attitude—despite his evident present-day prosperity—is that his move to Wales very nearly crippled his company, which was then barely 18 *months old* and thus still very vulnerable. *For although he found himself* with a nice new factory, within three months of moving, 13 of the 14 people who had followed him from Stoke-on-Trent had returned home.

So he was suddenly left looking *for replacements; his* need was for machine operators, welders, plumbers, sheet metal workers and the like in an essentially agricultural area desperately short of skills he needed and, despite Government *assurances to the contrary*, a shortage of training facilities.

College

It was, says Edwards, "a struggle." He pushed on by attracting a *few* experienced workers into the region, though many more had to be trained by the company itself. Largely as a result of this, all shop floor *worker training is still done* in-house, though Presco has helped to develop courses in collaboration with the expanding local technical college, for such people as drawing office staff.

Edwards' reasons for staying in Newtown *are diverse. In the* first instance it is clear that he had little option but to press ahead. He had a shortage of workers to overcome, but at least he had a new factory, rent free for two years, and other financial incentives, such as training and employee subsidies.

Then, *after* he had overcome these initial difficulties and established himself he found that other problem areas had resolved themselves. More services had moved into the area, for example, he could get his training *done locally and* a precision tool manufacturer had become established locally. Also Midlands suppliers "had become aware of Newtown as a growing customer area," so regular calls from representatives and regular deliveries were made.

Additionally, the Mid Wales Development Corporation (the forerunner of the development *board) had been helpful in* solving problems—be it waste *disposal or housing for workers* —and had a positive attitude on planning. "Instead of spending time battling with local authorities we have had precisely the opposite experience," says Edwards.

But if all this turns mid-Wales, and Newtown in particular, into some form of Utopia, Edwards has some minuses to *set against the pluses*.

The region, in comparison with the old-established industrial areas, is still relatively remote despite better road com*munications. For a company* such as Presco, which, as Edwards succinctly puts it, "transports boxes of air," this is an important point to take into account when weighing the pros against the cons. It is per*haps even more significant* a factor given that early forays into rail transportation proved unrewarding and have been abandoned, with little likelihood of resurrection.

Then again, as Edwards points out, virtually every telephone call you make from a development area is a trunk call. And there *also the increased transpo[rt]* costs of bringing customer[s] and also his own salesmen, t[o] the Presco factory.

John Edwards went to Wales because "the Government forced us out of the Midlands."

Another point he makes, wit[h] feeling, is his need to car[ry] significantly higher stocks [of] *sheet metal and other materia[ls]* used in making portable buil[d]ings. This is necessitated, say[s] Edwards, by not having sup[p]liers right on the doorste[p] *who could make deliveries at* day's notice, as would be th[e] case in the Midlands.

All this adds up to extra cost[s] for the company which are no[t] always compensated for b[y] grants, says Edwards. "It ha[s] been my hobby horse that wha[t] is needed in development area[s] is not grants but some form [of] subsidy which provides a ba[l]ance in these respects so tha[t] a manaufacturer is not wors[e] off in a development area tha[n] *he would be in another area.*"

Industry, he says, is not [so] naive about grants. "*What w[e]* have today we can lose tomor[]row, so what is needed is [a] long-term subsidy to balanc[e] the extra cost of being in [a] development area."

Free choice

Nonetheless, Edwards re[]mains committed to the are[a] and he has built up a profitabl[e] company with a turnover [of] over £4m in a market which h[e] *estimates* is worth, very broadly around £100m a year.

The first test of this commit[]ment came six years ago whe[n] extra production capacity wa[s] needed. Edwards theoreticall[y] had a free choice since no re[al] *constraint existed on his sitin[g]* a factory back in Stoke-on-Tren[t] or in some other industrial area. But to his mind the pluses out[]weighed the minuses and h[e] enlarged his Newtown factory. If his expansion continues as [it] *has in the past it won't be lon[g]* before even more capacity [is] needed and he has already de[]cided that this will again be o[n] his Newtown site.

Of course, weighing up th[e] pros and cons is very much [a] *personal affair for Edward[s].* This is because with a fe[w] other shareholders, he own[s] Presco.

But he nevertheless maintain[s] that his decision to go to New[]town and to keep all his manu[]facturing activities based ther[e] have been the right ones. "[I] think," he says, "that if w[e] had been wedded into a tigh[t] industrial area after a sho[rt] time, we would have had [to] consider moving out."

LOMBARD

Controls coming on Eurodollars

BY SAMUEL BRITTAN

THE FICTION that Eurodollars "do not count" as part of the world money supply is about to be punctured. A short visit to Washington and New York is sufficient to demonstrate that the American authorities are not prepared to tolerate for much longer the undermining of their own brave attempt to control the reserve basis of the U.S. money supply by the indefinite expansion of a form of money subject to no reserve control at all.

Studies were commissioned by central bankers at Basle several months ago; and although these reports underline complexities and difficulties, they mostly agree that the Euromarkets — or xenomarkets as they are sometimes called — affect both the world rate of inflation and the monetary policies of individual countries.

British

U.S. policy-makers regard the British as the greatest foot-draggers on Eurocurrency control—one of the unfortunate effects of the Bank of England's dual role as central bank and spokesperson for the financial community. I took the liberty of predicting that the British attitude would change once the revolutionary implications of the abolition of exchange control had been taken on board—not only the corset, but any form of domestic monetary control can be undermined by UK residents borrowing overseas (or "Euro") sterling. The most likely compromise is an international agreement to limit the growth of these off-shore currencies to the same rate as their equivalent, leaving the exact mechanism to the central bank concerned—thus the British or the Swiss would be able to use capital rather than reserve ratios if they preferred, so long as the quantitative targets were reached.

Federal Reserve calculations of the total of Eurodeposits go further than those of the Bank for International settlements in eliminating double counting, such as interbank liabilities. The Fed puts net Eurodeposits at $150bn. About 75 per cent of the total is in U.S. dollars. Of these about $50bn "should to all intents and purposes be a part of the U.S. money supply." Governor Henry Wallich pointed out in a speech on October 11 that this amounted to 15 per cent of the U.S. money supply on the narrowest "M1" definition.

More important is the fact that Eurodeposits are growing at about 20 to 25 per cent per annum, much faster than the domestic money supply of any major industrial country. Recently the "Euro" component has added about 1 per cent per annum to U.S. monetary growth, but this component is likely to rise as the offshore markets expand.

Expansion

The Federal Reserve and other central banks could try to offset the expansion of oversea deposits by tightening their domestic monetary policy. The Euromarkets do not manufacture dollars, sterling or marks with no reserves at all. But the reserves are chosen by the banks themselves and not laid down by authority. This enables them to pay more for deposits and charge less for loans than their domestic competitors. They are in fact like those U.S. domestic banks which are not members of the Fed system and whose numbers have been increasing recently. That is why Mr. Paul Volcker once described the Eurodollar market as "a giant non-member bank."

The trouble with tightening domestic monetary policy to offset the growth of euromarkets is that this would impose disproportionate sacrifices on borrowers, for instance small businesses, who did not have access to the Euromarkets.

It is also far from clear by how much domestic policy would have to be tightened. The growth of dollar or sterling deposits overseas has some potential affects on the dollar and sterling exchange rates and on inflation rates, but these are not necessarily on a one for one basis with domestic deposits.

This whole giant leak in monetary control will have to be tackled from both sides. Not only will the Euromarkets have to be made more like the domestic markets but the domestic markets will have to take on more of the characteristics of the Euro ones.

This will mean in the case of the U.S., paying interest on reserves with the Fed; and in the case of most countries adjusting officially prescribed reserve ratios to something nearer the levels that the banks themselves would choose for prudential reasons. The whole Euro phenomenon is but one example of the tendency of markets to find a way round official controls; and monetarists who usually proclaim that they are market economists will have to find ways of working with the financial markets rather than against them.

Conclusive win for tax avoidance industry

THE WEEK IN THE COURTS

BY JUSTINIAN

"AN INGENIOUS, complicated and well thought-out" scheme to avoid tax—to use the words of Viscount Dilhorne—was upheld by the House of Lords last week by the narrow margin of 3 to 2.*

The particular plan indulged in by Mr. Ronald Plummer—who with Mr. Roy Tucker was successful in their challenge during the summer against search warrants executed by the Revenue †—had no commercial justification but was nevertheless entitled in the eyes of Lord Wilberforce, delivering the leading judgment of the majority, to be looked at as a whole. The courts were not entitled to disregard the legal form and nature of the transactions carried out, since no one had suggested that the plan as executed was a sham. The plan was, therefore, entitled to "a fair, if not a particularly benevolent analysis."

The scheme, which was marketed under the title "Capital Income Plan," had as its sole purpose the reduction of the surtax liability of payers of a high rate of tax. The steps taken by Mr. Plummer to exploit the tax system were, in brief, as follows:

1—He agreed with a charity to pay it for each of five years such a sum as after tax at the standard rate would equal £500 in consideration of the charity paying £2,480 into an earmarked account with Slater Walker Ltd. (SW).

2—He instructed SW, on getting the £2,480 (SW already had £40 from him) to pay £2,500 to a company in the SW group for five promissory notes of £500 (that company paying him 6¼ per cent interest thereon) each to be lodged as security with the charity; for release as each £500 of the covenant was paid.

3—Each year he paid the £500, cashed the released promissory note, and claimed to deduct that £500 as an annual payment from his total taxable income.

Main skirmish

The main skirmish in the courts between Mr. Plummer and the Revenue raged over the provisions of section 457 of the Income and Corporation Taxes Act 1970, which provides that "where income arising under a *settlement* is payable to any person other than the settlor, then the income shall be treated for the purposes of surtax as the income of the settlor and not as the income of any other person." "Settlement" is defined in the Act as "any disposition, trust, covenant, agreement *or* arrangement." In short, the question was whether Mr. Plummer was to be treated as "the settlor" of "an arrangement." If he was, the scheme failed.

The majority view was introduced by Lord Wilberforce with these words: "Are the words of the definition to be given the full unrestricted meaning which apparently they have, or is some limitation to be read into them, and if so what limitation? If given the full unrestricted meaning, the section would clearly cover the present agreement, and would also cover a large number of ordinary commercial transactions." Lord Wilberforce went on to say that, "it seems to me to be clear that it is not possible to read into the definition an exception in favour of commercial transactions whether with or without the epithet "ordinary" or "bona fide."

To do so would be legislation, not interpretation: if Parliament had intended such an exception it could and must have expressed it. But it still becomes necessary to enquire what is the scope of the words "settlement" and "settlor" and of the words which are included in "settlement" in the context in which they appear. If it appears, on the one hand, that a completely literal reading of the relevant words would so widely extend the reach of the section that no agreement of whatever character fell outside it, but that, on the other hand, a legislative purpose can be discerned, of a more limited character, which Parliament can reasonably be supposed to have intended, and that the words used fairly admit of such a meaning as to give effect to that purpose, it would be legitimate, indeed necessary, for the courts to adopt such a meaning.

Lord Wilberforce then examined the whole of that part of the 1970 Act which deals with "settlements"—sections 434 to 459—and concluded that before "an arrangement" could qualify as a "settlement" within the meaning of the Act, *some element of bounty* had to be present. Here, there was no such element. Lord Wilberforce concluded by shooting down, as an inadmissible and unworkable canon of statutory construction, the thesis that Parliament can never have intended to exempt from taxing provisions an arrangement designed to obtain fiscal advantages. The two Scots Law Lords, Lord of Tullybelton and Lord Keith of Kinkel, concurred with this approach and conclusion. Viscount Dilhorne and Lord Diplock delivered thunderous dissents.

Same argument

The dispassionate commentator cannot help observing that precisely the same argument used by Lord Wilberforce to dismiss the implication that ordinary or bona fide commercial transactions should be excluded, was deployed by Viscount Dilhorne against excepting arrangements which had no element of bounty.

Lord Wilberforce: "If Parliament had intended such an exception, it could and must have expressed it." Viscount Dilhorne: "If Parliament had so intended, that could easily have been stated." Both the latter and Lord Diplock preferred only to exclude *bona fide* transactins from the grip of the section.

The construction of the settlement provisions of the 1970 Act have thus been conclusively settled in favour of the tax avoidance industry. But if the House of Lords has the last word in litigation, Parliament is the court of last resort. Will Sir Geoffrey Howe wield his reformist stick and plug the last loophole in our tax structure?

* *Commisioners of Inland Revenue v. Plummer.* † *The House of Lords reserved its judgment last Wednesday in the Rossminster appeal by the Revenue.*

Nureyev shows Derby class in win at St. Cloud

RACING

BY DOMINIC WIGAN

THOSE WHO had felt that the greatest threat to a successful English defence of the Derby next June would probably be Monteverdi, Ireland's 10-1 favourite, must now be reconsidering that belief, for at St. Cloud yesterday, the previously unraced Nureyev beat a smart field as he pleased in the 7½-furlong Prix Thomas Bryon.

It seemed that all Chantilly knew Nureyev to be a possible champion in the making. Recent homework of the $1.3m yearling with other leading two-year-old inmates of Francois Boutin's stable had been impressive, and few doubted that Mr. Stavros Niarchos's purchase would come up trumps.

Nureyev, originally with Peter Walwyn, was transferred to Chantilly as a protest against Britain's 15 per cent VAT charge, which has swayed many purchasers of yearlings to opt for France, where carcass value is the going rate in similar circumstances.

Not only may Niarchos have saved a massive sum in VAT with the switch but, in retrospect, he could be thinking himself lucky in that so many inmates of Seven Barrows were badly hit by a virus.

Nureyev, a Northern Dancer colt out of a full sister to Thatch, was apparently affected by the virus during his short spell at Seven Barrows but only mildly.

Nureyev may already have done enough to justify that £650,000 purchase tag, for the Thomas Bryon is a group event.

Bruce Hobbs, another trainer to have had his string affected by the virus, has picked up some useful prizes with two-year-olds this autumn, and both Radie and Nahane can add to the haul at Leicester this afternoon.

Radie, a half sister to both Jolly Good and Roscoe Blake, ran a highly encouraging race when finishing sixth of 20 in Newmarket's Snailwell Stakes over six furlongs on Cesarewitch day, and should have improved enough to dispose of the Queen's Audacity in the Fleckney Maiden Stakes.

A greater threat to Mrs. J. Bricken's filly here is probably another progressive sort, Jallabia.

Nahane, in the same ownership as Radie, beat Garden Swing narrowly here last time out and looks to be the answer to the seven furlongs John O'Gaunt Nursery, from which Rabdan is a surprising absentee.

Half an hour later I will look to Crowning Moment to foil the Swedish-trained East Plaistow in the Cumley Handicap.

LEICESTER

1.15—Radie***
1.45—Echenoir
2.15—Nahane*
2.45—Crowning Moment**
3.15—Shinda
3.45—Miss Mirabelle

'Avoid alcohol during flights'

AIR TRAVELLERS should avoid alcoholic drinks to prevent possible dehydration, according to Dr. Frank Preston, British Airways' deputy director of medical services.

Tea, coffee and other drinks containing caffeine, such as cola should also be avoided, because they cause loss of liquid from the body. Plain water or squash type drinks are best.

TV Radio

† Indicates programme in black and white

BBC 1

9.00 am For Schools, Colleges 11.25 You And Me. 11.40 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill At One 1.45 Fingerbobs. 2.01 For Schools, Colleges. 3.15 Songs of Praise. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 Wally Gator. 4.25 Jackanory. 4.40 Battle of the Planets. 5.00 John Craven's Newsround. 5.05 Blue Peter. 5.35 Paddington.
5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.55 Angels.
7.20 The Rockford Files.
8.10 Panorama: The Immigration Game.
9.00 News.
9.25 The Monday Film: "Steel Cowboy," starring Rip Torn.
11.00 Film 79.
11.30 Roadshow Disco.
11.55 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Scotland—11.00-11.20 am For Schools. 12.40-12.45 pm The Scottish News. 2.18-2.38 For Schools. 5.55-6.20 Reporting Scotland. 11.55 News and Weather for Scotland.

Wales — 10.38-10.58 am I Ysgolion. 1.45-2.00 pm Pili Pala. 2.18-2.38 For Schools. 5.55-6.20 Wales Today. 6.55 Heddiw. 7.15 Angels. 7.40-8.10 Are You Being Served? 11.55 News and Weather for Wales.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.25 Scene Around Six. 6.25-6.55 Land 'n' Larder. 11.55 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich): Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol): South Today (Southampton): Spotlight South-West (Plymouth).

BBC 2

9.05 am The Role of the Nurse.
9.30 CBI Conference from Birmingham.
11.00 Play School.
11.25 CBI Conference.
2.05 pm Roadshow Info.
2.15 Let's Go.
2.30 Multi-Racial Britain.
3.00 Making Toys.
3.30 Discovering Patchwork.
4.00 Use Your Head.
4.25 CBI Conference.
†5.40 Flash Gordon's Trip To Mars.
6.00 Grange Hill.
6.25 A Diary Of Britain.
7.05 Mid-evening News including sub-titles.
7.20 The Magic of Dance (Reflections by Margot Fonteyn).
8.20 Dana in concert.
9.00 Butterflies.
9.30 Horizon.
10.20 Firework Fiesta.
10.45 Miami Circuit Eleven.
11.35 Late News.
11.50 Closedown reading.

LONDON

9.30 am Schools Programmes. 12.00 Jamie and The Magic Torch. 12.10 Pipkins. 12.30 Emmerdale Farm. 1.00 News plus FT Index. 1.20 Thames News. 1.30 All About Toddlers. 2.00 Heart To Heart. 2.30 Monday Matinee: "The UFO Incident." 4.15 Clapperboard. 4.45 Why Can't I Go Home? 5.15 Batman.
5.45 News.
6.00 Thames News.
6.35 Crossroads.
7.00 Give Us A Clue.
7.30 Coronation Street.
8.00 Only When I Laugh.
8.30 The Mighty Micro.
9.00 Minder.
10.00 News.
10.30 Monday Night Premiere: "The Hunted Lady."
12.20 am Close: Personal choice with Dame Flora Robson.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.30 Monday Film Matinee: "Widow." 5.15 Cabbages and Kings. 6.00 About Anglia. 10.30 The Brian Connell Interviews. 11.00 S.W.A.T.

ATV

1.20 pm ATV News Desk. 2.30 "Rendez-vous with Romance." 5.15 Oh No, Its Selwyn Froggitt. 6.00 ATV Today. 10.30 Left, right and centre. 11.00 Barney Miller. 11.30 Facts for Life. 12.00 Something Different.

BORDER

1.20 pm Border News. 2.30 Film Matinee. "Affair in Trinidad." 5.15 Cabbages and Kings. 6.00 Lookaround Monday. 6.15 The Sound of . . . 10.30 The Monday Film: "Interlude." 12.15 am Border News Summary.

GRAMPIAN

9.20 am First Thing. 1.20 pm Grampian News Headlines 2.30 Monday Matinee: "Wuthering Heights" starring Anna Calder-Marshall, Timothy Dalton and Harry Andrews. 5.15 Winner Takes All. 6.00 Grampian Today. 6.05 Top Club. 10.30 Reflections. 10.35 The Monday Movie: "Petulia" starring Julie Christie, George C. Scott and Richard Chamberlain. 12.25 am Grampian Late Night Headlines.

GRANADA

1.20 pm Granada Reports. 2.30 Monday Matinee: "Sink the Bismark" starring Kenneth More. 5.10 This is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Happy Days. 10.30 Reports Politics. 11.00 Mystery Movies: Lannigan's Rabbi.

SCOTTISH

1.25 pm News Headlines and Road and Weather Report. 2.30 Monday Matinee: "Bridger." 5.15 Tales of Crime. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Crimedesk 6.45 Sounds of . . . 10.30 Late Call. 10.35 From the Top. 11.05 Jack on the Box. 11.35 Pro-Celebrity Snooker.

SOUTHERN

1.20 pm Southern News. 5.15 Dick Tracy. 5.20 Crossroads. 6.00 Day by Day including Southsport. 10.30 Southern News Extra. 10.35 Good Against Evil 12.00 Farm Progress.

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 2.30 Monday Matinee—"The Fast Lady" starring Stanley Baxter and Leslie Phillips. 5.15 Mork and Mindy. 6.00 Northern Life. 10.35 Northern Report. 11.05 Monday Movie — "Image of Death." 12.30 am Epilogue.

ULSTER

1.20 pm Lunchtime. 2.30 Monday Matinee: "Doctor in Love," starring Michael Craig, Leslie Phillips and James Robertson Justice. 4.13 Ulster News Headlines. 5.15 Cartoon. 5.20 Crossroads. 6.00 Ulster Television News. 6.15 Family Matters. 6.30 Mary Tyler Moore Show. 10.30 Pilgrimage. 11.00 Monday Movie: "The Unseen," starring Joel McCrea. 12.30 am Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.30 The Monday Matinee: "Billion Dollar Brain," starring Michael Caine. 5.15 Cabbages and Kings. 6.00 Westward Diary and Sports Desk. 10.32 Westward Late News. 10.36 The Family. 11.30 Faith for Life. 11.35 West Country Weather.

YORKSHIRE

1.20 pm Calendar News. 2.30 Monday Matinee: "Billion Dollar Brain" starring Michael Caine 5.15 Father Dear Father. 6.00 Calendar (Emley Moor and Belmont editions). 10.30 Pro-Celebrity Snooker. 11.15 The Do-Gooders. 12.00 Barney Miller.

Radio Wavelengths

1: 1053kHz/285m, 1089kHz/275m
2: 693kHz/433m, 909kHz/330m, & 88-91vhf stereo
3: 1215kHz/247m, & 90-92.5vhf stereo
4: 200kHz/1500m, & 92-95vhf

BBC Radio London: 1458kHz 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast.
‡ Medium wave.

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 7.00 Stayin' Alive. 8.00 B. A. Robertson. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Tony Brandon (S) 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) 2.15 David Hamilton (S). 4.15 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 John Dunn (S). 6.45 Sports Desk. 7.02 Music From the Movies (S). 7.30 Alan Dell with The Dance Band Days and at 8.02 The Big Band Sound (S). 9.02 Humphrey Lyttelton with The Best of Jazz (S). 9.55 Sports Desk. 10.02 Town and Country Quiz. 10.30 Star Sound. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music with Patrick Lunt (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture Concert, part 1 (S). 8.00 News. 8.05 Concert, part 2. 9.00 News. 9.05 This Week's Composer: Jean Sibelius (S). 10.00 Singer's Choice. 10.30 Erich Gruenberg and John McCabe violin and piano recital (S). 11.35 Berlin Philharmonic Orchestra concert, part 1 (S). 12.00 In Short (talk). 12.10 pm Berlin Philharmonic Orchestra part 2 (S). 1.00 News. 1.05 BBC Lunchtime Concert (S). 2.00 Music for Organ (S). 2.35 Matinee Musicale (S) 3.35 New Records (S). 5.25 Homeward Bound (S) including 5.45-5.50 News. 6.15 At Home: Prokofiev and Haydn concert. 7.10 Dorati Conducts Mahler (S) including 7.30-7.35 Interval Reading. 9.00 The Mother of Invention (talk by Dr. Nick Humphrey). 9.15 Elliott Carter and Faure piano recital (S). 10.00 Excepting Mrs. Pentherby (story). 10.25 Interpretations on Record (S). 11.25 Jazz in Britain (S). 11.55-12.00 News.

RADIO 4

6.00 am News briefing. 6.10 Farming Week. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day, 7.00, 8.00 Today's News, 7.30, 8.30 News Headlines, 7.45 Thought for the Day. 8.35 The Week on 4. 8.45 Patrick Moore with the BBC Sound Archives. 9.00 News. 9.05 Start the Week with Richard Baker 10.00 News. 10.05 Money Box. 10.30 Daily Service. 10.45 Prester John by John Buchan. 11.00 News. 11.05 City of Dreadful Night (portrait of Calcutta). 11.50 Let's Get Rid of . . . 12.00 News. 12.02 pm You and Yours. 12.27 Top of the Form. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen with Mother. 3.15 Afternoon Theatre (S). 4.45 Short Story. 5.00 PM News Magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Three Piece Sweet (S). 7.00 News. 7.05 The Archers. 7.20 Science Now. 7.45 The Monday Play (S). 9.00 Dearest Hope (S). 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight: News. 10.30 The News Quiz (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour 10.03 The Robbie Vincent Telephone Programme 1.03 pm London Live. 3.03 Showcase. 4.30 London News Desk 5.35 Look, Stop, Listen. 7.03 Black Londoners 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

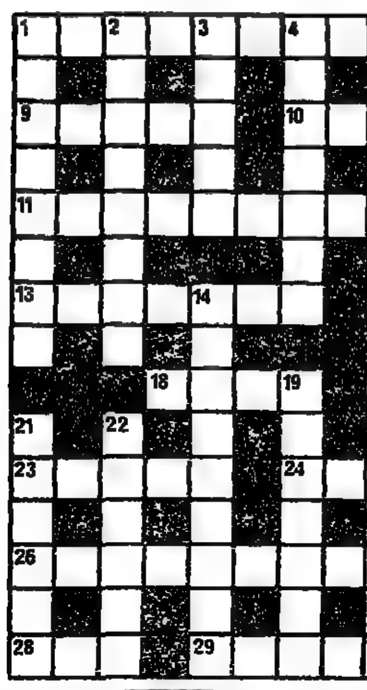
London Broadcasting

6.00 am AM with Bob Holness and Doug Cameron 10.00 The Brian Hayes Show. 1.00 pm LBC Reports 3.00 George Gale's 3 o'clock Call. 4.00 LBC Reports. 8.00 After Eight Special. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 Monty at Large. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S) 8.00 Capital Playhouse—"Siege" by N. J. Crisp (S). 9.00 Nick Horne's Your Mother Wouldn't Like It (S) 11.00 Tony Myatt's Late Show (S) 2.00 am Peter Young's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,117



ACROSS

1 Funny man takes off his clothes to amuse the readers (5, 6)
7 and 28 Girl is on edge through G.B.H. (6)
9 Pearl is not here, but her mother is (5)
10 Religious service levelled in turn at channels of information (4, 5)
11 A USA trial in country reform (9)
12 Worn in kitchen and cathedral (5)
13 Excerpt of picture drawn after (7)
15 Expedition in the fall (4)
18 A return of service at a distance (4)
20 Beau about the city gives a sign (7)
23 A jester returns with a scrubber (5)
24 Worn by women—doesn't it take the biscuit? (9)
26 Retaliatory measure covering the Head (3, 3, 3)
27 Sound critique of something staged (5)
28 See 7 across.
29 Swap a confidence—beware of industrial espionage (5, 6)

DOWN

1 Studies include diplomacy meetings (8)
2 Hairdressing for Scot on a ship with a rising artist (8)
3 Entertainment that must be in triplicate for approval (5)
4 Knight turns up in chambers (7)
5 We have little time for coffee (7)
6 Add one thousand to ram abridgements (9)
7 Up-to-date Merchant Navy around the river (6)
8 Longs for a Navy in agreement (6)
14 Scattered everywhere—not what the sergeant ordered (4, 5)
16 Influence finished in Jersey (8)
17 Despatched with coin inside as deposit (8)
19 A target oddly held on water (7)
20 Execution of nonsense in the entrance (7)
21 Mr. and Mrs. bring home the bacon (6)
22 Increase of activity about the island race on which we rest (6)
25 Carried—but it sounds the limit (5)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

New Theatre, Cardiff

Ernani by RONALD CRICHTON

Welsh National Opera, Verdians from the *start*, have worked round to *Ernani*, richest and most satisfying of the early works. Judging from the enjoyment of the full house at the second performance (Friday) they have another success to their credit. They were *wise* to wait until now, when the company style has settled down, and in Richard Armstrong they have a musical director who can *give this full-blooded* score the "savage sincerity" Toye found in it and also a *consistency* producing a remarkable impression of unity suggesting that Verdi's quite un-Wagnerian way of blending "numbers" with *through*-composition was already latent. The playing of the WNO Orchestra stood the test of scrutiny from the front row of the stalls—Verdi's accompaniment figures rarely sound crude when they are given such fullness.

Elijah Moshinsky's production convinced at the time but left a few lingering doubts. He and *his designer, Maria* Bjornson, have put the action (time of *Charles V) forward to the age* of Velasquez for no more constructive reason, it seemed, than to have the heroine Elvira and the chorus ladies dressed as *meninas*. Of course the wide skirts and bright colours show up *brilliantly against* a *black* set (a super-coal-scuttle with balconies and lots of movable panels) but while the ladies (singing lustily as ever) behave as if their finery were not stiff, uncomfortable court wear but a *fancy-dress giggle*, our *under*standing of 16th-century Castilian attitudes (the opera is based on Hugo's drama *Hernani*) is not increased, while the constantly travelling gyrating screens confused the hidings *in closets or behind pictures.*

Hugo's flouting of the three *unities*, *more* drastic than British playwrights' revolt against the well-made play in our own time, by moving the location suddenly from Spain to Aix-la-Chappelle, is nullified by the permanent set, yet a change of some kind is illogically suggested by the last act, which, though back in Spain, has banks *of candles more* appropriate to Charlemagne's crypt. History and geography are not the main reasons for going to early Verdi, but they do count.

Kenneth Colins takes the title-role, more convincing as outlaw *than as the Aragonese grandee* Ernani really is (Mr. Collins must practise removing his pilgrim's disguise more nippily), but we have *few* tenors who can send this music sailing so roundly and confidently across *the orchestra. In the difficult*, complex role of Silva, Elvira's uncle, guardian and passionate wooer, victim of the Castilian code of honour, Richard Van Allan *compels respect for never* appearing ridiculous or losing dignity, but he is not quite the basso cantante the music calls for (*the first-act cabaletta is* included, though it is hardly worth having).

Two minds about the Elvira of Suzanne Murphy. The soft-grained timbre is, as ever, appealing. Miss Murphy has the measure of the big phrases but within those phrases notes are sketched rather than sung, intervals are vague and attacks often weak. She suggests not so much a mettlesome Spanish lady as a worried country maid *perpetually about to slide into* a mad scene. The best singing came from Cornelis Opthof as the King, Don Carlos. Mr. Opthof has the baritonal distinction of presence that so cruelly eludes most tenors. The bel canto writing gave him some trying moments (well it might) but on the whole style and an agreeable if not large voice won through. Mark Hamilton (versa*tile, interesting artist) made* much of the small role of Don Riccardo.

Olivier

Amadeus

by B. A. YOUNG

Peter Shaffer has retold the *story of how Antonio Salieri* poisoned Mozart, with some romantic decorations *of his own*. This is how it goes in his version:—

Salieri is Court Composer to the Emperor Joseph II. In 1781 *Mozart arrives* in the capital, having sacked his Archbishop (or vice versa) and Salieri, overwhelmed by the sounds of the wind serenade K364, begins to see him as a rival. More than that, however: he had dedicated *his talent to God*, and when he realises that Mozart's talent is greater than his he accuses God of ingratitude and dubs him *nemico eterno*, eternal enemy.

A curious enemy, for Salieri triumphs both at court and in the opera house *while Mozart*, denied promotion by Salieri's machinations, dwindles into a squalid poverty that his concerts and his exiguous pay as Kepellmeister *do little to* alleviate. Salieri is not concerned with prosperity but talent. As *Mozart* struggles to finish his Requiem (and who was the mysterious stranger who commissioned that?) Salieri haunts his lodgings in a black mask and leaves poisoned wine on the doorstep. Mozart goes to his *pauper's burial* and *Salieri* progresses to his guilt-ridden old age.

Despite a commanding performance by Paul Scofield as Salieri, on stage for virtually the whole three hours of the play, there is no life in Mr. Shaffer's story. Salieri recounts it in the manner of an illustrated lecture. Discovered in old age in his apartments, crying "*Pietà. Mozart!*" *to the world while the* world, represented by two "venticelli," little breezes that blow the rumours and look like two Mad Hatters, comment on *the tale Salieri is said to have* told. Salieri goes to his forte-piano to conjure up an audience (us) and, rejuvenated, recounts the story, occasionally concealing *himself in* a high-backed chair to accommodate episodes from Mozart's more intimate life.

The decorations of Peter Hall's production do little to invigorate this unimaginative *piece*. *Mozart himself* is a macedoine of the qualities we know about—conceited, ambitious, frivolous, given to coprophilous language. Simon Callow gives a birdlike performance of this ultra-lightweight *character, adding a high-pitched* giggle that I can't take. Was there no more to Mozart? It can be argued that this is Mozart as Salieri saw him, but the point of the play is that Salieri recognised Mozart as a transcendent genius, and Mr. Shaffer might surely have allowed a little more depth.

Other characters are little more than scenery. As the Emperor, John Normington spreads his hands and proclaims "There it is!" when he makes a decision. Andrew Cruickshank as the Director of the Imperial Opera and Nicholas Selby as the Prefect of the Imperial Library, as well as Salieri himself, help him to make the decisions. Constanze Weber (Felicity Kendal) says "Ta very much" to show how common she is. Philip Locke as Salieri's servant loyally brings him cream cakes at all hours but can't stretch his loyalty so far as to go and haunt Mozart in his lodgings.

The production, as I said, is decorative, and needs to be. *John Bury's handsome set*, radiant with the cultured elegance of the period, has a proscenium arch at the back and makes me think, not for the *first time at the Olivier*, that the play is better suited to the Lyttelton. Behind the *proscenium* a line of Viennese citizens appears now and then to express approval, curiosity, alarm or what have you, a happy extravagance only a large *permanent company can afford.*

Behind the decorations, both of the text and of the production, *I thought the play* as hollow as a strip-cartoon. Only once, when Mr. Scofield gave his long speech about the ingratitude of God, did I feel *that I was in the presence of* masters.

Simon Callow and Paul Scofield

Greenwich

I Sent a Letter to My Love by B. A. YOUNG

Leonard Burt

Rosemary Leach and Richard Owens

This is a *simple*, charming story, *clumsily* adapted by Bernice Rubens from her own novel. When Amy Evans, a middle-aged spinster of Porthcawl, daringly advertises in her *local paper for a penfriend*, her only answer comes from her crippled brother Stan. She replies in character as Blodwen, to keep the matter confi*dential*, and *their correspon*dence ripens to the point where she has to hire an actress to come and play the part of Blodwen on a visit.

The results are unexpected. Stan is disappointed at meeting his correspondent in the flesh, but having been lured into the trap of love, he proposes instead to Gwyneth Price, another local spinster. Poor Amy has become so much identified in her own mind with her imaginary alter ego that when the engagement is announced she has a hysterical collapse and be*comes a cripple herself*.

Now the characters are beautifully drawn, the acting is delightful, and a good deal of the rather long evening is most *enjoyable. But*, the *story* is badly spread over the play. The first act comes to a natural curtain twice before we break for the interval, and on one such occasion, *where* Stan and Amy go for a picnic on the sands, the lights are lowered and half the audience began its trek towards the bar. The second act also *reaches a natural climax* at least once before the curtain.

A story so simple ought surely to be more effectively adapted for the stage, and I am *inclined* to *blame the director*, Alan Strachan—otherwise impeccable—for not pointing out to Miss Rubens where she has gone wrong. I have always *believed* this to be *part of* a director's duties, especially when dealing with inexperienced playwrights, but it is a duty that seems to be increasingly overlooked.

The playing at any rate is pleasant throughout, with a beautiful performance by Rosemary Leach as Amy—not nearly as ugly as the script suggests—and a moving one by Richard Owens as Stan. Gwyneth, the kindly neighbour with her daily gift of newly-baked bread, is prettily done by Rhoda Lewis, and her elder *brother Huw by Denys Graham*. Peter Rice has designed the duplex set of sitting-room and bedroom in the Evans house.

May Fair

Old Herbaceous

by MICHAEL COVENEY

These are not, as might be *supposed, the memoirs of some* sprightly evergreen thespian, but the whimsical ramblings of a West Country gardener. Adapted by Alfred Shaughnessy (of *Upstairs Downstairs* fame) from Reginald Arkell's 1950 *novel, we are ushered by old* Bert Pinnegar into a beautiful little green house on the edge of a large estate in Devon. The lady of the house has retired to Torquay, but Bert has been kept on out of sympathy by the *new residents. Surrounded by* yellow chrysanthemums, pink cyclamen and all manner of potted greenery and garden tools, he meanders good-*naturedly through a life* of contended subservience.

We hear how the under-housemaid fell for his tales of begonias and field mice; how, as a boy, he won a prize for his collection of wild flowers; how *he became known* as a local "character" for his stout defence of a rickety stile in the face of adverse parish council *opinion: how he achieved glory* and small fame for an outspoken speech when adjudicating a Combined Counties show between the Wars. It is all *gentle and undemanding stuff*, but the stuff of fireside nostalgia rather than of the theatre.

Roger Hume has a few acts to follow as a one-man entertainer at this address. Trusty and reliable though he be, he displays none of the virtuosity of a Roy Dotrice in *Brief Lives* or a Gordon Chater in *The Elocution of Benjamin Franklin*. After the interval, customers are invited *to sniff* bunches of lemon geranium passed round by the benign Mr. Hume. Does this constitute having plants in the audience?

The show, lovingly *designed* by Richard Marks and competently directed by Roger Clissold, is an import from the Salisbury Playhouse studio. *One can only* kindly *suggest that* the bloom has been knocked off in transit.

Elizabeth Hall

Stravinsky Festival

It was the achievement of Friday's London Sinfonietta *concert to be festive, exhilarat*ing, and didactic, all at once. An *essential lesson* in Stravinsky came at the start. Michel Béroff's cool and witty traversal of the 1921 *Les Cinq Doigts* was followed by the orchestration *and slight adaptation of the* piano pieces undertaken four decades later; in the juxtaposition we were offered an insight into the hoarding, squirreling *side of the composer* that was fresh and delightful. The same process, though applied to scores of less close family kinship, was at work later on, in Mr. Béroff's *Piano Rag Music* and David Atherton's sprightly account of the marvellous *Ragtime*. Both highlight an attitude to the dance-music fashions of 1918 simultaneously avid and fastidious.

We also heard two scores seldom given in concert, that nevertheless belong with the best of the Stravinsky *oeuvre*. The serial *Movements* (1958-59) *for piano and orchestra was* played twice—unnecessary if the justification was musical complexity (for the audience responded enthusiastically the first time around), *happy* in its way of showing how much room there is in the musical nuggets for nuances of interpretative expression. *Orpheus* is one of the *supreme manifestations* of lyrical neo-classicism. It is, at the same time, a difficult proposition in the concert hall, away from the Balanchine choreography to which it is so intimately related, for most of the *music moves* at a *gentle* andante, and poses problems of dramatic variety for the conductor.

The performance, in fact, *seemed to me one of* Mr. Atherton's rare Stravinsky failures: the lyrical episodes were allowed to amble along too easily, inviting insufficient care over the crispness of articulation that even the most limpid, Attic side of this composer demands. If *Orpheus* was a slight disappointment, amends were made at the close with an account of *Danses concertantes that was bold*, buoyant and right in every accent.

MAX LOPPERT

Wigmore Hall

Nash Ensemble by RONALD CRICHTON

Within the wider framework of the Wigmore Hall's Fauré series, the Nash Ensemble are giving six chamber concerts mainly but not exclusively by French composers—each even*ing* includes one work by Mozart. On Saturday a full house heard a most enjoyable programme of which, for most of the audience, the main work *must have been that* quasi-novelty, Fauré's Second String Quintet in C minor, op. 115, much and rightly praised on paper, but rarely performed. *They also heard a group of* Fauré's finest songs, Poulenc's cycle *Le Travail du peintre*, his sextet for wind and piano, Debussy's Clarinet Rhapsody, and Mozart's Oboe Quartet.

Things do sometimes change *for the better, even in London's* murky musical world. Even a *few years* ago such an enticing scheme as the Nash Ensemble offered on Saturday would only *have drawn a small* audience. One of the stumbling blocks would have been the Fauré Quintet, though there is no reason why it should be a closed book to the many who enjoy the First Piano Quartet (also in C minor) and the unaccountably smaller number who love its successor in G minor. The Second Quintet is a late work (1919-21) in which Fauré inspired no doubt by recent *release from onerous duties* as head of the Paris Conservatoire, suddenly recapture the physical élan of earlier years and added this to his ever more refined, compact personal *musical language*. The first performance (which owing to deafness he saw but could not hear) brought him an ovation which was one of the *few moments of genuine public recognition in a long, useful and* generally undervalued career.

The Nash performance was good enough to make one insist that they keep it in their repertory and polish it further. The opening pages were *a little too* measured: the full sweep of this admirable movement only came about half-way, though it was fully there by the end—one of those *blazing affirmations of the* home key which Fauré, having wandered far, wide and flexibly, could permit himself. This meant there wasn't quite enough distinction of mood between the first and the long and lovely slow movement, even though they were separated by a brilliant account of the scherzo, an *extraordinary* re-creation with much more advanced harmonic and colouristic resources of his earlier essays in this mood.

The singer was the American tenor and Bernac pupil, Paul Sperry, dry though stylish in "Le Parfum impérissable", "Arpège" and "Prison", warm*ing up for the marvellous* "Soir". Mr. Perry was heard to better advantage in the Poulenc cycle, which he prefaced with a few words recalling his recently departed master. The group's excellent pianist, Ian Brown, had an enormous amount to do and did most of it very well. Antony Pay gave *Debussy's Rhapsody* with uncommon vividness.

Commonwealth musicians join for Abbey 'Messiah'

Commonwealth born singers and instrumentalists living in London are joining together on Thursday, November 29, when the Commonwealth Phil*harmonic Orchestra and Chorus* are giving a performance of Handel's Messiah at Westminster Abbey at 7.00 pm. Princess Alice, Duchess of *Gloucester, will be present.*

The conductor will be Michael Bialoguski, who founded the Commonwealth Philharmonic Orchestra in 1974 and is the principal conductor. The four soloists will be Trinidad-born Yara Labal, Tay Cheng-Jim, counter-tenor from Singapore, tenor Richard Gandy and bass Noël Noble who were both born in Australia.

Leader of the Commonwealth Philharmonic Orchestra is violinist Homi Kanga who was born in Bombay.

This performance is being sponsored by the London (Host) Lions Club and any proceeds will go in equal shares to the Lions Club charities and the Commonwealth Philharmonic Trust, a registered charity.

Tickets are obtainable from the Chapter Office, 20, Deans Yard, on personal application only, or by post, enclosing a stamped addressed envelope from 24, Hillside Grove, London, NW7 2LR (cheques payable to the Commonwealth Philharmonic Trust).

Purcell Room

Peter Lawson by DAVID MURRAY

Mr. Lawson played an attractive programme of piano centres and Hare, at full-back, music from Satie forward on *Friday. It included the first* performance of Robert Sherlaw Johnson's *Nymphaea*, which proved to be an orderly piece, laid out in big blocks energeti*cally contrasted. Much play* is made with an insistent tremolo. Sherlaw Johnson's devotion to the music of Messiaen is suggested this time only in the structure of the piece; there are no evident echoes of the Master in the harmony or the *figuration, and in fact the terse* rhetoric might rather recall the later Tippett.

It was possible to imagine the different register-colours on *which the music* draws exploited with greater finesse. Mr. Lawson plays like a musician who happens to be a competent pianist, and does not cultivate purely executive refinements. In his perceptive account of Elliott Carter's 1946 sonata, *under-articulated running* passages lost a little of the drive of the writing. Neither lines nor surfaces were properly limpid in the gentler pieces *among his generous Satie group*, though the short bright bursts of the "Piège de Méduse" pieces and the "Croquis et Agaceries . . ." struck home. Ginastera's crudely effective Sonata finds its raison d'être in playing of exact brilliance: here, the taut syncopations of *the Allegro marcato* were fractionally loose, the shudders of the presto misteroso were *always too loud*, the *motoric* chatter of the finale became only a welter of sound. Lawson gave a fair picture of the scale

RUGBY UNION BY PETER ROBBINS

England still seek half-backs

AS NEW ZEALAND beat the Midlands 33-7 at Leicester it was very apparent that some of the losers had been over-promoted and one or two had declined from previous competence.

What should have been a hard test for the tourists turned out to be a second-half romp, thanks to a *succession of errors* by the Midlands.

With *the All Blacks visiting* Europe almost annually, part of the mystique built up over the years has been lifted, yet each team sent has a similar stamp.

This one could not claim to be as classy as any of its predecessors, but with *Mourie* as captain it is set the highest *possible* example in play and sportsmanship. Mourie's ubiquity on the field is extraordinary.

He and the management have, so far, cleverly hidden comparative weakness in the scrum by a blanket drive into the rucks. When *a man goes* down on either side, so the All Blacks forwards home on to each other to drive over the ball. It is something we have admired for years and tried with only *partial* success to imitate.

The *New Zealanders* gave each other tremendous support, and when Fleming the lock forward got up to take the final pass for the last try the effort was typical, because *the movement* had begun *from well inside* the tourists' half and from yet another Midland mistake.

The ability of the All Blacks to turn opposition errors into scoring chances is their greatest asset. In this they were greatly encouraged by the play of Taylor in the centre.

He is one of the most exciting New Zealand backs to visit us, with his speed, *determination* and eye for the gap from both set and broken play. He either managed to stay on his feet when tackled, or, if brought down, made the ball available to the black herd thundering behind him.

Taylor and Stuart Wilson, the right wing, are both players of quality. The other Wilson, at *full-back, showed massive* confidence in counter-attack.

With the international against New Zealand only three weeks away, the England selectors would like to announce their side a week today, but they would be *well advised to wait* for the Northern Division game against the tourists on November 17.

A solution to the half-back problem is certainly no nearer after Saturday's game.

Peck, if a strong player, is a little slow in the pass and lacks *much inclination* to run. Still, *he is steady, and that is a vital* quality.

*Smith, of Sale, has been play*ing well this season, but a successful game for him, as with Cusworth, depends entirely on operating behind a dominant pack. His, and Cusworth's inclusion would be a sign of opti*mism yet would add another* risk to those the selectors have to take elsewhere.

Cusworth had a great chance to prove himself on Saturday, but against top-class opposition his cheek is ruthlessly exposed and stifled. The alternative is John Horton, because Huw *Davies seems to have been* excluded from consideration.

*The one bright note on Satur*day was struck by the centres, Dodge and Woodward, both of Leicester. Woodward had the speed to go round the outside, and it was Dodge's excellent passing that gave him the room for such opportunities. Both need to put their men down *more decisively in the tackle*, at least, make the opposition go for the ball with foot rather than hand.

Knee and Perry on the wings, both made vivid contributions. I would like to see Perry soon *in his usual position of fly-half*, because he looks a gutsy player as well as a most able one. The *thought of his eventually pair*ing up with Melville of Yorkshire is enticing.

The Midland pack was a serious disappointment, particularly at the short line-out, where communication between *thrower Wheeler and Field* and Nigel Horton was over apparent. New Zealand took advantage of this, and, further, Haden outjumped both Horton and Field in the more conventional formation.

The Midlanders' success came from patting down, but this only induced error in Peck at scrum-half. Field was out of his depth and Horton was patently upset. Horton has so much to offer English rugby, yet on Saturday's evidence he scarcely deserves to be selected. England may be obliged *to pick him faute de mieux*.

Wheeler is a must. I cannot see any other of the forwards being seriously considered. Redfern, at tight head, has always had the right attitude but is *currently carrying far too much* weight to get to a breakdown ?—?—?— enough to be effective.

The Midlands were desperately short of back-row support and cover. There was *plenty to back up, but only* Phillips was anything like sustained enough in his efforts.

TENNIS BY JOHN BARRETT

Tracy gives Miss Wade a lesson

TWO EVENTS at opposite ends of the tennis spectrum, both of *them breaking new ground*, have underlined the health of the game as a spectator sport.

The ingredient for a successful promotion at the plush Palm Beach Polo and Country Club in Florida, where a new show *court was built only six weeks* ago behind the polo grandstand, was international rivalry between the women of America and Britain.

At London's Royal Albert Hall we wallowed in a week of nostalgia as 16 of the greatest men players of the post-war era *revived memories of former* glories and, incidentally, provided some first-class entertainment in the Mazda Cars Classic.

Floodlights

The 51st Wightman Cup match resulted in a 41st win for the Americans in this series, *which began* in 1923. It was the first time the match had been *played out of doors since the* Americans won at Boston in 1972.

After an expected 7—5, 6—2 victory by Mrs. Chris Lloyd over Sue Barker in the opening rubber on Friday, it was bad *luck that rain curtailed* the programme with Cathy Jordan leading 6—4, 4—4 against Anne Hobbs.

When the start on Saturday was delayed until 4 pm it was obvious that the floodlights would be needed to complete the day's programme. It was equally obvious that the strongest *U.S. team for years* would probably complete the *four victories needed to regain* the trophy. So it proved.

Though Miss Hobbs won the second set, 7—6, she could make no impression on the solid ground strokes of the 20-year-old American who, last September in the U.S. Open, had come within a whisker of *defeating* the eventual champion, Tracy Austin. Miss Jordan *duly won the third set* 6—2 to give America a 2—0 lead.

Then the British captain, Virginia Wade, playing in her 15th tie since 1965, was given a lesson in clay court tennis by the 16-year-old Miss Austin, who won 6—1, 6—4.

Sweet revenge for the three-*set loss the youngster had suf*fered in last year's thrilling British Jubilee victory in London, it set the Americans firmly on the road to total victory.

It was fitting that this phenomenal young player should be concerned in that victory in the next rubber. Playing with Anne Kiyomura, Miss Austin defeated newcomers Debbie Jevans and Jo Durie 6—3, 6—1 in a match which ended at 10 pm before some 1,500 hardy spectators, who endured the humid evening and the threat of further rain without seeing any serious threat *from the British girls on a* slow clay court which so often in the past has confounded their best efforts.

Magnetic

The success of the $60,000 Mazda Cars Classic was largely due to the magnetic personality of the 51-year-old Mexican American Pancho Gonzales. This giant of the 1950s, who turned professional in 1949 after *winning his second U.S. champion*ship, does not compete as often as some of the other over-45 Grand Masters, like Frank Sedgman and Torben Ulrich.

But he scored a first victory in 18 months against Sedgman to win his round robin group and then, in the semi-final, *came back to beat thet 38-year*-old Australian left-hander Owen Davidson 7—5 in the final set.

The stinging service and athletic ability may be slowed by the years, but the indomitable will to win burns as fiercely as ever. It was a *heroic* performance and earned the gnarled old veteran a standing ovation. Some spectators were even near to tears, and one elderly lady, checking the great man's age with a colleague said: "Fifty-one, is he; then I don't feel so bad about being in love with him."

It was almost irrelevant that Tom Okker of Holland won the *final* 6—1, 7—6 *on Saturday* to claim the first prize of $8,000. At 35 *he was the youngest man* in the field. Being still among the top 50 in world rankings, he was the overwhelming favourite.

Certainty

This was the Flying Dutchman's fifth successive victory over Gonzales whom he first beat in 1968, and there was never *any doubt about the outcome of* this latest meeting.

Mark Cox and the ageless Ken Rosewall, who celebrated his 45th birthday last Friday, won the doubles with a 6—7, [illegible], 7—6 win over Sedgman and the South African doubles expert Bob Hewitt.

Like all the others, this match was played with a skill and good humour that endeared these great performers to the appreciative Albert Hall crowd. They may be past masters, but as entertainers they still have a great future.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871, 883897
Telephone: 01-248 8000
Monday November 5 1979

The secrets dilemma

SECTION 2 of the Official Secrets Act 1911 has at least one saving grace: it has come to be recognised as so absurd that it is rarely invoked. The Section makes it an offence for any person holding office under Her Majesty to communicate without authoritiy to any person any information which he or she has obtained because of his or her official position, and for any person to receive such information.

As the Frank Committee commented in reviewing the working of the Act in 1972: "All information which a Crown servant learns in the course of his duty is 'official' for the purposes of Section 2, whatever its nature, whatever its importance, whatever its original source."

Disuse

If the Section were taken literally, it would mean that practically no official information would ever be disclosed except at the whim of the government of the day. Alternatively, there might be a series of prosecutions of civil servants and journalists for passing on the sort of information which appear in the newspapers on an almost daily basis.

Govxernments on the whole have been wise enough to avoid any such nonsense. From 1945 to 1971 prosecutions under Section 2 of the Act averaged about one a year. Since then there have been even fewer, and the number of convictions has declined even further. In effect, the Section has fallen almost into disuse with the possible exception of cases which concern, or are said to concern, the security of the realm.

In recent years there has been a number of calls for reform including the report of the Franks Committee, which was itself set up by the Government in response to the recommendations of the Fulton inquiry into the civil service in 1968. The Fulton report said bluntly: "The Government should set up an inquiry to make recommendations for getting rid of unnecessary secrecy in this country. Clearly, the Official Secrets Act would need to be included in such a review."

The dilemma facing reformers, however, has always been simple to state, if hard to resolve. It is that in replacing a section of an act that has become such a blunderbuss as to be practically unusable with something that is meant to be more usable, government practice will become more restrictive rather than less.

No appeal

The most charitable explanation of the Protection of Official Information Bill published recently is that the Conservative Government has fallen unwittingly into this trap. The Bill is an advance in that it reduces the amount of information to be regarded as secret, but where information is still to be protected, it sticks to the main principles of the 1911 Act.

These areas cover security in its broadest sense. What is secret will be anything that the Government chooses to call secret. Anyone who passes on such information without authorisation will be liable to prosecution. Moreover, in the event of a prosecution being brought it will be sufficient evidence to secure conviction if it can be shown that a Minister had previously certified that the information should not be disclosed.

Some of the shortcomings of this latter provision should be obvious. There would almost certainly be a tendency to classify information as secret just in case it got out and led to political trouble. Under a new law that was intended to be enforced, civil servants would be likely to disclose even less information than in the past. The bigger objection, however, concerns the entrenchment of arbitrary power. It is proposed that there should be no right of appeal whatsoever if a Minister has declared that disclosure of information in the defence or international relations category would be damaging. In the words of the Bill, that declaration would be regarded as "conclusive evidence."

Safeguard

Experience is not such as to suggest that governments have a monopoly of wisdom. What is needed is an amendment which would compel the authorities to justify the classification "secret" before an independent body, preferably before a prosecution is brought. Without that safeguard, it might be better for all concerned to live with Section 2 of the 1911 Act.

Speaking softly in Quebec

MR. RENE LEVESQUE led his separatist Parti Quebecois to electoral victory in Quebec three years ago by soft pedalling the entire issue of independence for the French-speaking Canadian province. Nothing would be done in that direction, the Premier promised, until the people of Quebec had had their say in a referendum. Now that we are within sight of that referendum, which is likely to be held in May or June next, Mr. Levesque seems to be following the same tactics: the White Paper which his Government published on Thursday leaves at least as many questions open as it answers.

In paritcular the electorate of Quebec with its 6m inhabitants, is still not told what question will be on the ballot paper. The White Paper, however, is in keeping with previous evidence that it will, at most, be asked to authorise the Quebec Government to negotiate a new relationship with the rest of Canada, which it describes as sovereignty-association. It is designed to reconcile the undoubted desire in Quebec for more local political power with fears that a Quebec left on its own would face an economic blizzard.

Taxes

The concept is one that Mr. Levesque helped to evolve at the time of his breach with the Quebec Liberal Party, which he left in 1967, having previously served in the Cabinet with considerable distinction. As now presented, it would give the Quebec Parliament exclusive powers to legislate for the province and to raise taxes. At the same time, Quebec would retain full economic and monetary union with the rest of Canada, to the point of having a common currency. Non-elective committees to co-ordinate policy between Quebec and the rest of Canada are part of the concept, though the most reasonable of men might find it a nightmare to run monetary policy in a conferedation whose members may pursue independent fiscal policies.

There is good reason for the vagueness of the White Paper and for the refusal to publish the question for the referendum. As recent ministerial resignations have shown, the Parti Quebecois is divided within itself, with out-and-out separatists in a minority. More important, a plethora of public opinion polls has shown that while the Quebecois want change in the form of more autonomy for their province, whichever way the question is put, independence is the choice of a minority only. Perhaps the most significant result of a poll taken this autumn showed that while 54 per cent were ready to give the Government a mandate to negotiate sovereignty-association, 59 per cent would do so only as long as Quebec remained part of Canada. The only moral of that appears to be that Quebec, as so often in the past, wants it both ways.

Federalism

In political terms having it both ways can really only mean special status for Quebec within Canada. From that it is only a short step to the formula of a "renewed federalism," adopted (but not as yet defined) by the key man on the "no" side of the referendum, Mr. Claude Ryan, head of the Quebec Liberals. It is a phrase which has been echoed by the Canadian Prime Minister, Mr. Joe Clark, who has prided himself on his willingness to devolve powers to the 10 Canadian provinces, Quebec included.

English Canada is likely to go along with that, whereas a number of provincial premiers have repeatedly rejected the idea of sovereignty-association as preached by Mr. Levesque.

Mr. Clark said he was not prepared to negotiate with Quebec on the proposals of the White Paper, and concurred with the suggestion that constitutional law actually forbade Quebec to separate. He did, however, add that—speaking purely hypothetically—the law might have to change if Quebec rolled up a large majority in favour of doing so. In other words, the Quebec War of Independence will not break out, because neither the people of the province nor those in charge in Ottawa want it.

Chrysler rescue discomforts U.S. free-market zealots

BY STEWART FLEMING and IAN HARGREAVES in New York

FOR THE Government to support Chrysler would be a mistake, it would be to follow the British route of giving geriatric support to weak companies.

So says Mr. Reginald Jones, chairman of General Electric of the U.S. and of perhaps the most influential big business lobby in the country, the Business Roundtable.

Last week Mr. Jones learned that the view he stands for has not prevailed over the electoral considerations of the Carter Administration. The President on Thursday launched a bill to authorise $1.5bn in loan guarantees to keep America's third biggest motor company in business.

What has already been one of the most heated public debates in U.S. business history, with extravagant claims made on both sdes, will now continue in Congress which has to pass the Administration's bill to release the aid.

Those who go along with Mr. Jones believe that to save Chrysler is to abandon the principles upon which American free enterprise is based — to reward failure at the expense of success and, most ominous of all, to take another ill-fated step along the path Britain has been treading, whose inflationary welfare-state tendencies hardline free-maketeers see haunting the American way of life at every turn these days.

Against these zealously held views the pro-Chrysler lobby, led by a well funded campaign from the motor company itself and backed by the politically powerful United Auto Workers union, has argued that Chrysler's problems result largely from the Federal Government's previous interference with the free market. These include draconian anti-pollution and energy-conserving new design standards for cars which are forcing the U.S. motor industry to undertake billions of dollars of capital investment, dollars which Chrysler simply cannot afford.

The political calculations

On a more philosophical plane it is held that a prosperous society must be prepared to finance change with the minimum pain and social disruption, that to risk ditching between 200,000 and 300,000 people at Chrysler, its dealers and suppliers is intolerable.

The ideological debate, and the political calculations that parallel it, are evenly balanced and nobody is sticking his neck out to forecast what Congress will eventually decide, especially now that the Administration has given the companies' opponents a hostage by doubling the anticipated size of the Federal Government's commitment.

In 1971 a package giving Lockheed Aircraft $250m of federal loan guarantees only passed the Senate by a single vote. The precedent of that decision, and the fact that the Federal Government now has outstanding around $247bn in loan guarantees which have mainly gone to special case industries like shipping and agriculture, is ammunition for Chrysler.

There are in reality however, few convincing parallels between Lockheed and Chrysler. The aircraft company had run into serious trouble only on a relatively small part of its business —the L1011 TriStar. The rest looked and proved sound. It was also possible to make out a convincing case that Government intervention in the shape of contract disputes with the Pentagon, and the UK Government's handling of the Rolls-Royce bankruptcy had hit the company.

Above all, in the case of Chrysler, virtually the whole of the company's business is threatened, opening up the possibility that Government aid will only lift the lid on what will prove to be a bottomless pit of financing needs along the lines of UK experience with British Leyland.

The reasons for Chrysler's plight may seem alarmingly simple when expressed by the company's chairman, Mr. Lee Iacocca. "A microcosm of all that is wrong with American business" is how he puts it, referring to the impact of Government regulations and a mistaken tendency to feel insulated from pressures in the world economy.

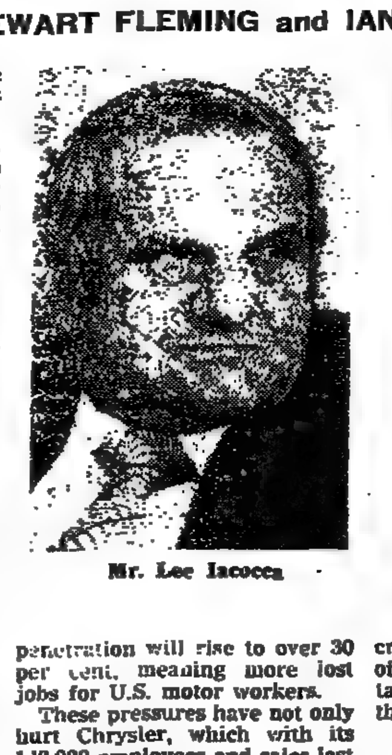
But in reality bad management must take much of the blame for the company's problems as frequent changes among its top executives in recent years suggest.

The company it seems has failed too regularly to build the right car at the right time and been caught unprepared by shifts in customer preferences, failures which have sapped its strength for more than a decade, making it ever harder to halt the downward spiral which has brought it to the brink of bankruptcy.

Latterly Chrysler has been unable to cope with the aftermath of the 1973 energy crisis, the rollercoaster ride which the U.S. economy has taken since then and the changes these events have induced in the car market. It sank into heavy losses in 1974 and 1975 raising fears then about its survival. It has also struggled in the last year to get new models of acceptable quality into the showrooms at the right time. Then in the late spring of 1979 as the petrol shortages began to bite and consumers began to shift towards smaller vehicles, it found unwanted large cars piling up in stock, one of the reasons for its $460m loss in the third quarter.

Its decline can be seen in the erosion of its market share in the U.S. from 13.7 per cent in 1976 to 10.7 per cent so far this year with a similar trend in its truck sales. Contributing to its problems has been the expanding share of the U.S. market taken by imports which are running at around the 20 per cent level this year, with more than two thirds coming from Japan.

Chrysler's chairman, Mr. Lee Iacocca, argues that if Chrysler is removed General Motors and Ford will not pick up Chrysler's customers and that import penetration will rise to over 30 per cent, meaning more lost jobs for U.S. motor workers.


Mr. Lee Iacocca

These pressures have not only hurt Chrysler, which with its 140,000 employees and sales last year of $13.6bn is the country's tenth largest industrial company. Both General Motors with sales revenues of $63bn worldwide, and Ford ($42bn) have just announced losses on their U.S. operations in the third quarter. They too have already been forced to lay off workers putting an estimated 100,000 out of work.

With the economy sliding into recession and a presidential election approaching the political calculation which has brought the Administration to the point of launching a support package is easy to see, especially when it is recalled that many of Chrysler's plants are in key electoral states.

But much of the recent drama has been provided by the politics of corporate banking which itself has reflected the confusing blend of ideology and hard nosed pragmatism that will help to shape Chrysler's prospects.

Just how delicate that side of the equation is balanced can be seen from the fact that even as the Administration launched its rescue plan, Chrysler had slipped into gross default on $800m of bank loans to over 250 banks. Already some substantial American banks have threatened to sue for repayment and been paid off by their partners to avoid forcing Chrysler into the protection of the bankruptcy laws. It is a worrying precedent: half of Chrysler's outstanding bank credit is to foreign banks many of which are even more reluctant to participate in the rescue than their American peers.

ASSETS CHRYSLER MAY BE FORCED TO SELL

	$m
Chrysler Financial	500-600
Defence activities	50
New process gear manufacturing	350
Peugeot stock	125
Stake in Mitsubishi	30
Other parts plants	300
Marine Division	30

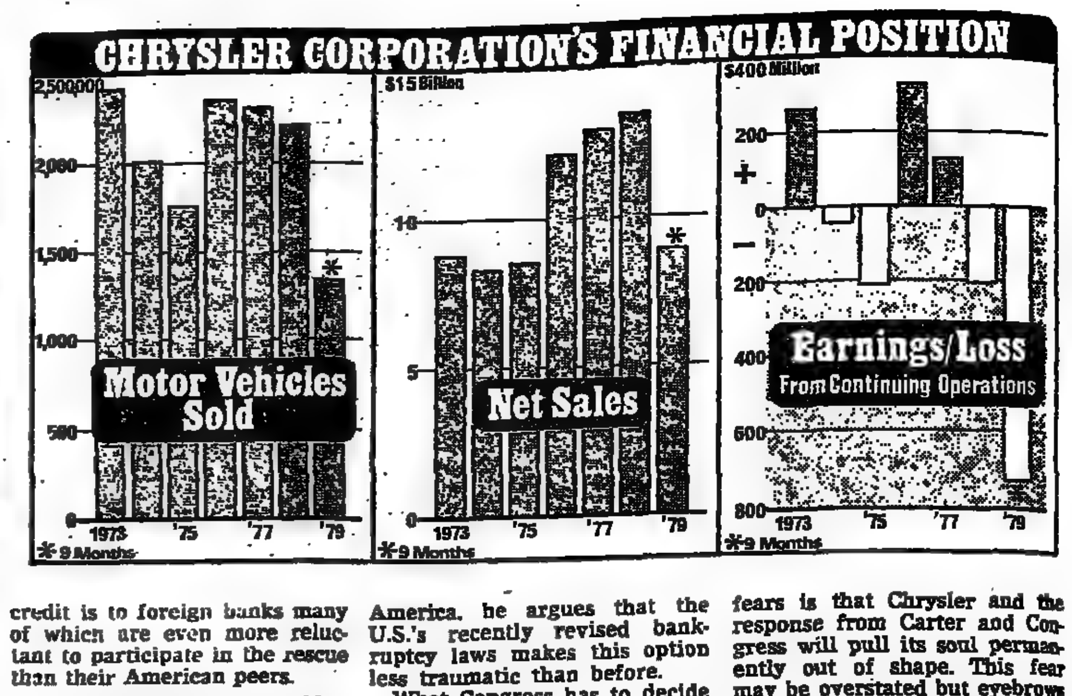
Although they have grumbled and jostled, the big U.S. banks in the end have little choice but to rally behind a Government move to save Chrysler. They cannot afford to be branded as the faceless corporations which pulled the rug out. It is not just the image of social irresponsibility that this would foster but also the fear of political repercussions in Congress when banking legislation is under discussion that stops them taking such a step.

Many of the foreign banks too feel similar constraints. Their presence in the U.S. and the startling growth of their business has been embroiled in controversy and they will not want to anger the Congress either. The Hongkong and Shanghai Banking Corporation, one of Chrysler's creditors, was well aware when it decided to stay in the Chrysler credit that a final decision to have pulled out would have threatened final approval of its still pending takeover of the $13bn Marine Midland Bank.

Unlike Lockheed, Chrysler also has heavy long-term loans on its balance sheet in the form of $1.5bn of debt. If these lenders are to be forced to share the burden as the Treasury Bill suggests, this would be a dramatic precedent.

It is the difficulty of reconciling the competing claims of these creditors and ensuring that a few of them do not quietly walk away adding to the burdens of the others that explains why some bankers are still warning that, even after the Government's intervention, a Chrysler rescue is so complicated it might only be possible with Chrysler enjoying the bankruptcy court's protection from its creditors.

Mr. Iacocca says that bankruptcy proceedings would pull down the entire house of cards, cause the dealer chain to collapse and permanently cripple the organisation. But Senator William Proxmire, Chairman of the Banking Committee which will consider the guarantee bill, has argued that bankruptcy is the right option. In his forthcoming book. The Fleecing of America, he argues that the U.S.'s recently revised bankruptcy laws makes this option less traumatic than before.



What Congress has to decide is whether $1.5bn of Government guarantees and matching funds raised by Chrysler are sufficient to restore the company to health. The Treasury says this is so but others think it will only carry the company beyond next year's elections.

Meanwhile, Chrysler has the problem of finding the $1.5bn in matching funds. It already appears to have a solid promise of $200m and further commitments from the union, dealers and state and local governments might take the figure to half a billion.

The rest is going to have to come either from asset sales or from loans. Banks, worried already about the terms on which they will have to keep existing loans in the company (another condition imposed by the Treasury) are likely to stand firm against further advances.

Chrysler does, however, have some saleable assets. Top of everybody's list is Chrysler Financial, the dealer and customer financing subsidiary, with a net worth of around $600m. Bankers would be relieved to see at least a big slice of this sold, as $3bn of the creditors' total lending to Chrysler is tied up in this subsidiary.

Other possible candidates for sale are Chrysler's Peugeot holdings, a profitable process gear business and perhaps even the last vestiges of its foreign operations in Mexico, Canada, South America and South Africa.

The company has fought long and hard against the idea of selling these valuable assets but some bankers feel that even these sales will not go far enough in a fast deteriorating financial situation caused by an ominous slump in new car sales.

They feel that Chrysler may be forced to sell parts of its main business, including for example its truck division.

But Mr. Iacocca has stated uncompromisingly that Chrysler cannot function profitably as anything less than a full line auto manufacturer.

What American business most fears is that Chrysler and the response from Carter and Congress will pull its soul permanently out of shape. This fear may be overstated but eyebrows and hackles have certainly been raised by Chrysler's decision to offer Mr. Douglas Fraser, leader of the United Autoworkers Union, an invitation to stand for a seat on the company's Board, and by Mr. Fraser's subsequent insistence that he will join the Board as a spokesman for organised labour rather than to represent shareholders' interests as company law requires.

If the Treasury plan works out he will no doubt also be joined on the Board by bankers and civil servants, creating the kind of in house balance of interests typical of public sector boards in Britain and of second-tier boards in West German industry.

Whether the worn looking but still unbowed Mr. Iacocca can handle these pressures and translate his previous hard sell success with Ford to the new, slimmer Chrysler is anybody's guess.

Most of the assumptions which underlay the company's plan for a return to profitability by 1981 are open to scepticism. They require a two point recovery in Chryslers' market share in the next five years, a successful implementation of new management techniques and problem-free gearing up to produce dramatically new models. They also do not consider the possibility of further horrors on the energy scene—petrol still only costs a dollar a gallon in the U.S.—or really address the problem of growing strength among the importers. Renault for example will be manufacturing its new mid-range car in conjunction with American Motors by 1982.

Mr. Iacocca is asking America to take an investment gamble on Chrysler. He has stood before a congressional committee, said that $750m is the price and that the money would be paid back within six years. Now he looks like being offered twice that price tag. And when he was asked "can you assure us that you will never come back before this committee asking for more assistance?" he stood his ground and said: "I won't come back."

MEN AND MATTERS

Speaking up for sponsors

We shall be hearing much more shortly from Norman St. John Stevas, Minister for the Arts, about the need for arts sponsorship by big business. He is likely to touch on the subject in speeches this week. He says: "I am now preparing a campaign that I hope will be ready by Christmas."

But companies must be ready to grit their teeth if they underwrite a major exhibition. Olivetti has lost £250,000 underwriting the stunning "Horses of San Marco" exhibition which closed at the end of last month at the Royal Academy: the display won critical acclaim, but did not draw the crowds.

Companies need to earn solid measures of goodwill and prestige on the scales to make any sponsor feel that an outlay of such a size has been balanced off. The Olivetti experience makes more relevant a message put out by the Royal Academy with the advance notices of the Post-Impressionist exhibition which will run through the winter.

It asks the Press to accord "due acknowledgement" to IBM, "who have given generous support to the exhibition."

This plea for what cynics might term "plugs" is the initiative of Griselda Baillie-Hamilton, who runs the Royal Academy Press office. "Quite frankly," she explained to me, "I think sponsors need butter-interest as well as altruism in great deal of mileage and they should likewise in the arts."

The British Museum has copied Miss Baillie-Hamilton's appeal to the media for its forthcoming exhibition on the Vikings sponsored by The Times and SAS, the Scandinavian airline.

The St. John Stevas campaign is sure to touch upon self-interest as wel las altruism in seeking arts sponsorship from big business. Indeed, if any company feels so high-minded that it does not want its name mentioned, it will lose its chance of tax deduction for the outlay.

Cooking trouble

Every day for the past week, 8,500 meals have been cooked in the five Paris canteens of the French bank Societe Generale —and then thrown into the dustbin.

The canteen staff have diligently prepared advertised lunchtime menus, but on the stroke of eleven o'clock each morning they go on strike until 2 p.m.—when, of course, the bank workers' meal break is over. So far, over 30,000 meals have been turned into garbage at a cost of £18,000 and there is no sign of an end to the strike.

The canteen staff are employed by Generale Restauration which provides 300,000 meals a day for French office and factory workers. They want the same employment privileges and shop stewards as the staff of Societe Generale. The Communist-dominated Confederation Generale du Travail says the "no lunch" protest will continue until the canteen firm agrees to negotiations. Meanwhile bank staff are not grumbling. They are getting £2.60 a day to eat outside for as long as their canteen food is dumped in the dustbins.

Rumsey's clips

Anyone turning over £20,000 a year from his own invention which he makes in his garage deserves some credit for sturdy independence. Walter Rumsey is also 84. "Small is beautiful, that's my motto," he told me at the weekend.

A retired Royal Navy Lieutenant engineer, Rumsey produces his own design of clips for garden cloches. He sells about 100,000 a year, including exports to the U.S. and Canada. "I work about seven hours a day," he says, "but I have Mr. Blackmore to help me—a wonderful chap, former chief petty officer, aged 75." What is Mr. Blackmore's first name? "Oh we always call each other mister, the old naval way."

As befits a sailor—"I was sunk in the battle of Jutland" —Rumsey lives in Plymouth. But he was born in Crickhowell, South Wales, and his voice still lilts. "My business is like the ones in the villages, in the old days," he says. "I've made my own tools for the work."

Rumsey has lately been advertising his latest device in the gardening magazines: a plant clip, which to his pleasure the National Carnation Society has recommended. Apart from Mr. Blackmore in the garage, he gives out work to handicapped people in homes around Plymouth. "I buy my metal from the British Aluminium Company — two of their executives were amazed when they visited my bungalow."

Thirty-one years after retiring from the navy, Rumsey is well content to make a modest profit of £6,000 a year by his own efforts and ingenuity. "I like this mail-order business," he says. "I keep getting a lot of interesting letters from my customers."

Up for auction

The car famine is so acute in Poland that a government-run auction of 61 vehicles pulled up from a riverbed has attracted hundreds of would-be customers from all over the country. The cars had been on a barge which sank in the River Vistula in August.

Everyone who bid had to pay a deposit: this raised the equivalent of £80,000 for a start. Then the sodden cars (Polski Fiats and Yugoslav Zastavas) fetched more than they would have done in the showroom. Even a vehicle with a crushed chassis went for more than £2,000.

It seems that ordinary citizens in Poland currently have almost no chance of buying new models, unless they paid in advance five years ago. The government has stopped pre-selling cars, because the climb in prices has far outstripped general inflation rates. So anyone who is assigned a car can at once sell it for more money.

Form filling

The industrial strategy, sustained by countless sector working parties, in which the former administration delighted, has been jettisoned in recent months. But habit dies hard at the British Apparel Manufacturers' Association. A message to members has just gone out, announcing a "blouse inquiry" to discover whether "major import substitution opportunities exist in ladies' blouses."

The bulletin is accompanied by a form on which manufacturers are invited to supply their current weekly capacity in blouses, for both ladies and girls, with plans for next year and the year after. As secretary Herbert Goodier observes, it could be that "a considerable expansion has in fact taken place or is about to take place in capacity appropriate to blouse making."

Too far South

The Third World Foundation, based in New Zealand House near Trafalgar Square, is starting a commodities magazine called South. The foundation last year ran a "South-South get-together" in Tanzania. Recently I lost my bearings, when the president of a U.S. consultancy called Crux assured me that the magazine—which will sell through the developing world—would also be called South-South.

"Quite wrong," says Altaf Gauhar, TWF secretary-general. "It will be called South—and we have no connection with Crux."

Time machine

Heard at a Battersea bus stop on one evening last week: "I'm sorry we've put the clock back— it gets late so early."

Observer

FINANCIAL TIMES SURVEY

Monday November 5 1979

The Netherlands

CONTENTS

Improved short-term prospects

BY REGINALD DALE, EUROPEAN EDITOR

The Centre-Right coalition Government has now been in power for almost two years, despite initial predictions that it would not survive long. It has not found the answer to all the Netherlands' economic and social problems, but recent developments have been more encouraging.

THE DUTCH go into the 1980s in a less-gloomy mood than seemed likely only 12 months ago. Then, serious people were wondering whether the country was capable of surmounting the harsh challenges that lay ahead.

The prosperous, progressive society constructed in the boom years of the 1960s looked increasingly vulnerable to economic strains and social tensions generated from both within and without. The country's very wealth was a handicap. High wages, one of the world's most advanced social security systems, and a strong guilder were threatening to price the Netherlands out of the international trading markets on which it depends for its survival.

These problems have not gone away. Indeed, many Dutch economists believe they will return with a vengeance in the next three to five years. But for the moment, the clouds have parted to allow a few rays of sunshine to filter through. The cost of producing goods in the Netherlands has declined relatively, compared to its major trading partners. Exports have revived and the inflation rate is now lower even than that of neighbouring West Germany, the most important single external influence on Dutch prosperity.

Politically, the nation is self-confident. Its institutions, headed by a much-loved Monarch, are among the most stable in the Western world. The qualities that make life in the Netherlands so special—moral rectitude tempered by free-thinking tolerance and a healthy dose of mercantilism—remain deeply rooted.

Despite some increasingly insistent questioning from the Left, the country remains firmly embedded in its Western partnerships—the EEC and NATO—in both of which it plays a role that is incommensurate with its physical size. Dutch values, and the commitment to democracy, are enduring.

One of the country's most eminent politicians, Mr. Joop den Uyl, leader of the Labour Party and a former Prime Minister, called his book on The Netherlands *A Country of Narrow Margins*. It was an apt description. Dutch debate, whether it is about foreign affairs, domestic politics or economics, tends to be less about principles than their implementation. It is a question of degree.

Mr. Joop den Uyl, leader of the opposition Labour Party and a former Prime Minister.

Mr. Dries van Agt has been Prime Minister for almost two years.

Thus, in foreign policy, for example, nobody disputes that respect for human rights is good—and South African apartheid, bad. The question is how the country should best go about securing its objectives. At home, there is general agreement that the collective sector of the economy, which finances the Dutch welfare state, has been allowed to get out of hand. The question is over the extent to which its role should be restrained. One of the most controversial recent issues in The Hague has been the level at which tax relief on mortgages should be phased out. The principle is not at stake. Most people, except for some on the Right, agree that the poor should earn more, the rich comparatively less. The question is what the ratio should be between the lowest and the highest incomes.

There is a strong basis of consensus to Dutch society. But inside that consensus, individualism is encouraged. In a tradition that dates from the religious controversies of the 19th century, the structure is organised to allow everyone with a firmly held conviction to have his say. The purest forms of proportional representation ensures that anyone who can muster about 55,000 votes nationwide can take a seat in Parliament. The country's broadcasting system is operated by groups of different political beliefs, who receive more or less air-time according to the degree of popular support they can demonstrate.

The system can foster an air of unreality. Parliamentarians in The Hague are more detached from their voters than British MPs, with their clearly defined constituency responsibilities. It is not always obvious that the political issues that Dutch MPs choose to fight over really reflect the interests of the electorate as a whole.

In addition, there is the luxury of living in a small, secure, prosperous country without any major international responsibilities. The Dutch feel free to pontificate about the world in general.

If there is to be a political crisis in the coming months, it could well be caused by the controversy over NATO's plans to instal new medium-range nuclear missiles in Western Europe. Many Dutch people do not like the idea of basing these new weapons in the Netherlands and feel that their country should take its own decision regardless of the conclusions reached by the other members of the Alliance. That is the right of a sovereign country. But others would argue that it is easier to be high-minded about nuclear weapons when there are others prepared to shoulder the burden, however distasteful they, too, find it.

If he can steer his way through the nuclear minefield that lies ahead of him, Mr. Dries van Agt, the leader of the Centre-Right coalition Government, could well survive until his term runs out in the spring of 1981.

After what looked like an inauspicious start, his coalition appears more durable than many people first expected. Those of his Christian Democratic supporters who would have preferred a Centre-Left alignment with the Labour Party (rather than the Right-wing Liberals), have not yet caused serious trouble. There is much gossip in The Hague about possible political realignments, but the formation of new Dutch coalitions is never easy and can take a great deal of time. Many Dutch voters are tired of political wheeler-dealering and appreciate Mr. van Agt's carefully cultivated "apolitical" style.

It is far from clear, however, that the van Agt Government has found the answer to the fundamental economic and social problems that the country still faces. Little is left of the original blueprint for 1981 that it published in the summer of 1978. Although the Government maintains that the spirit behind its objectives lives on, the original targets for reducing unemployment, public spending and inflation have been more or less tacitly abandoned. Much of the blame can quite fairly be attributed to external factors—the oil price rise and world recession. The Netherlands is more dependent on its trading partners than almost any other country in the world.

But that does not mean the problems do not have to be solved. In the coming years, the country will need to combine the struggle to reduce unemployment with the search for new industries that can survive in the potentially harsh world economic climate of the next decade. The Government has just published proposals to stimulate industrial innovation, in addition to its earlier investment premium scheme, and would like to concentrate on new sectors such as energy-saving and pollution control, as well as high-technology industries, such as communications.

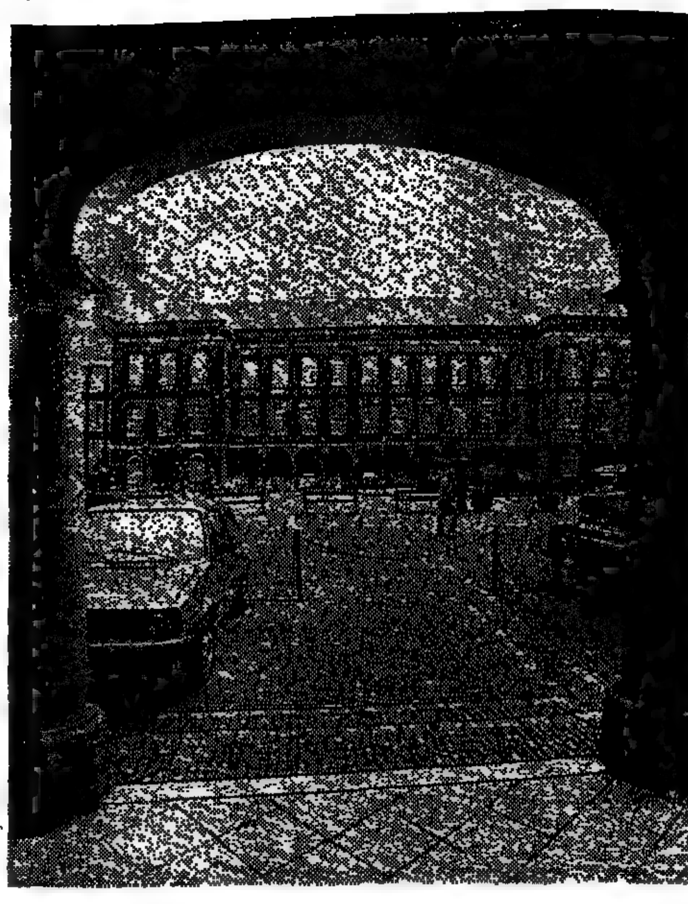
But these are unlikely to provide all the jobs that will be needed. Each year until the 1990s, 50,000 young people, more than one per cent of the total labour force, will be coming onto the employment market and the Government sees little prospect of the private sector expanding to take them all in. The aim will be to stimulate the public sector while exploring the possibility of reducing working hours and providing for earlier retirement.

The Labour opposition favours shortening the working day from eight to seven hours and then possibly to six or even five—in line with its view that work, income and decision-making power should all be divided increasingly equally among the population as a whole. Those without jobs in industry would become teachers, social workers, nurses and artists. The Government point out that this has already been happening over the past decade.

The position of the country's traditionally "responsible" trade unions will be vitally important. In the past, they have accepted wage moderation in exchange for measures to widen their power and generally improve the social well-being of their members. But there can be no guarantee that such moderation will last. A series of strikes in Rotterdam this autumn was interpreted by some Dutchmen as a sign of increasing militancy among the rank and file and disenchantment with the union leadership. Against that, it must be pointed out that the strikes were markedly unsuccessful, and, at Shell, the action came to an end under pressure from those who wanted to go back to work.

The Government is confident that increases can be kept comfortably below 10 per cent in the coming wage round. Beyond that, Dutch economists agree that continued restraint will be essential to keep the country on an even keel.

Without it, some private economists fear that the country could be drawn into a vicious circle of inflation and downward pressure on the guilder in the 1980s. That is not the official view. The Government and the central bank are giving top policy priority to the guilder's link with the Deutsche mark, via the European Monetary System, and welcome the economic discipline it imposes on the Netherlands. For the Dutch, good Europeanism has usually brought practical rewards.



Parliament Buildings, The Hague — the system of proportional representation ensures that anyone who can muster 55,000 votes nationwide can take a seat in Parliament

Surprising survival of a shaky coalition

POLITICS

REGINALD DALE

MR. DRIES VAN AGT, the Netherlands' controversial Prime Minister, has now survived almost two years in office. It is longer than many people gave him when he took power at the head of a shaky-looking Centre-Right coalition in December, 1977. Now, there is considerable speculation in The Hague as to whether he will manage to serve out his full term which expires in May, 1981.

One MP who belongs to Mr. van Agt's own Christian Democrat Appeal (CDA), the major coalition partner, puts his chances at no more than 50-50.

If Mr. van Agt's coalition looked precarious at the start, it was because it was widely seen as defying the logic of the election that had taken place seven months previously. The clear winner of the poll was the Labour Party (PvdA), under its popular leader Mr. Joop den Uyl.

Labour had seen its shares of seats shoot up from 43 to 53 in the 150-member Second Chamber—a landslide by Dutch standards—to emerge as the largest single party. But long months of haggling failed to produce the Centre-Left coalition between the Christian Democrats and the Labour Party that most people had confidently expected. The Christian Democrats finally switched their attention to the right wing Liberal Party (the VVD), the marriage was quickly consummated and Mr. den Uyl found himself in the unwanted role of leader of the Opposition.

Dissidents

The Centre-Right alignment produced a bare majority of 77 seats in the House—at a time when dissidents in the ranks of the CDA were threatening rebellion over the breakdown of negotiations with the Labour Party. Many Christian Democrats would have preferred, and still do, an alliance with the PvdA. So far, however, Mr. van Agt has averted a mass revolt from within his own party. He is generally considered to have done better than expected.

The Prime Minister has developed a Parliamentary style that Mr. den Uyl finds extremely hard to get a grip on. The Labour leader is a clever political operator—one sometimes hears him referred to as "the Dutch Harold Wilson"—a fact of which Mr. van Agt is fully aware. Mr. van Agt's answer has been to present himself as an "apolitical" character. He didn't really want the job, he says, and he is quite ready, when challenged in Parliament, to admit he has made a mistake. It is a style that appeals to a great many Dutch people — particularly those who became further disenchanted with politicians in general during the fruitless bargaining between the Labour Party and the CDA—but which infuriates others.

If there is one major criticism frequently heard in The Hague of Mr. van Agt and his Government, it is that they do not appear to have any clear view on how to solve the country's potentially serious economic and social problems.

Nobody now expects the Government's original targets for 1981—reductions in unemployment, in the inflation rate and in public spending—to be achieved. But that in itself is not likely to lead to a crisis as the plan was in any case always unpopular with the opposition and the trade unions.

Conversely, criticism of the Government's overall efforts to trim the collective sector of the economy in favour of private enterprise has been moderated by the widespread belief that Mr. Den Uyl would have had to pursue similar policies had he come to power.

If there is to be a crisis in the near future, it is widely expected to be over the Government's response to NATO's plans to modernise its "theatre" nuclear weapons (TNF) by introducing new medium-range nuclear missiles into Western Europe. The debate (explained in greater detail in the article on defence policy) is over whether or not new missiles should be stationed in the Netherlands and if so whether conditions should be attached. Nuclear issues arouse strong passions in the Netherlands.

Broadly speaking, the Opposition is against at least unconditional acceptance of the new missiles, the VVD is in favour and the CDA is split. The question is whether enough CDA MPs would vote with the Opposition to bring the Government down if Parliament were to divide on the issue.

Given that many of the other NATO countries want to take a decision at their Ministerial Council meeting in December, the issue could boil over at virtually any moment in the coming months.

Those CDA MPs who would prefer a Centre-Left coalition could well be tempted to force new elections. But neither they nor the CDA as a whole, nor for that matter, the VVD, are keen to fight a campaign on the nuclear issue. Equally, it may be doubted whether Mr. den Uyl, whose party slipped badly in the latest opinion poll, is ready for early elections. The cynics say it is, in any case, too important an issue to be at the centre of one of the country's political crises, which normally focus on economic minutiae.

Proponents of the Centre-Left formula would rather bring the Government down on a clear-cut economic or social issue that would firmly identify the VVD as the party of the right and the CDA as that of the Centre, if not Centre-Left. There is no shortage of such issues, one major one being the contrast between CDA's penchant for increased taxes to raise money for social spending against the VVD's preference for reduced expenditure. But there is a considerable left-right spread on such topics within the CDA itself.

Merger

The separate identities of the three parties making up the CDA (the Catholic KVP and the Protestant ARP and CHU) are still manifest. A full official merger has been set for October next year, but, even thereafter, tensions are likely to remain. CWA politicians rightly point out that this is true of any major party, with the British Labour Party the obvious example. They claim the three parties have hardly ever split on straight religious lines over the past 10 years.

The formation of the CDA to fight the 1977 elections with a common list of candidates and a common platform marked one of the watersheds of post-war Dutch political history. It was essentially a defensive alliance against the steady advance of secular parties on both left and right, as Dutch voters abandoned the traditional "confessional" strongholds. The CDA held the line in 1977, but the long-term trend is still probably away from the religious parties. If they are to maintain their ground, they will probably have to promote the CDA as the party of the centre, rather than as that of the faith.

Its opponents see the formation of the CDA as motivated by the desire of the KVP, the largest of the group's members, to maintain the domination of Dutch politics it has exercised for the best part of the last 60 years. So far, however, they have found no formula that would prevent the CDA from being a virtually automatic coalition partner in any Dutch Government. Unofficial contacts have recently been taking place between the Labour Party the VVD, but few people in The Hague take them seriously. It is difficult enough already to persuade a labour party congress to support coalitions with the CDA.

But change may be on the way. The latest opinion poll, conducted by the VARA broadcasting corporation last month showed a remarkable increase in support for the small D'66 Party (Democrats 1966), a progressive party similar in some ways to the British Liberal Party. Its supporters tend to be middle-class intellectuals with few pressing financial worries—"rational" people, say D'66 enthusiasts. Equally, however, party officials admit that the hardcore of its support has hitherto been small and that voters who rally to the party in one poll can easily abandon it in the next. Nobody really knows whether D'66 is a durable phenomenon.

If, however, the latest poll results were to be reproduced in a general election, the present Centre-Right coalition would lose its majority, dropping from 77 seats to 73.

While the CDA would keep its present 49 seats, the poll showed the VVD dropping from 28 to 24. D'66 would more than double its strength from eight to 17 seats, but even so the Left would not have a majority as a result of a fall in Labour Party support from 53 to 47. A new Centre-Left coalition between the CDA and Labour would once again appear the obvious solution.

Such an outcome, however, would pose problems for Mr. Den Uyl. Were the CDA to emerge as the largest party, it would certainly demand the premiership for one of its members. The Labour Party would be unlikely to want to see Mr. Den Uyl as number two, and might be obliged to find another candidate for the deputy premiership. There is no obvious choice.

For the moment, that must all remain speculation. Mr. van Agt is still more or less firmly in the saddle. If he can handle the TNF issue with sufficient skill, he could still be there for another 18 months.

STATE OF THE PARTIES

	Seats in Lower House	Latest VARA opinion poll
PvdA	53	47
CDA	49	49
VVD	28	24
D'66	8	17
Others	12	13
Total	150	150

Strong emphasis on European unity

FOREIGN POLICY

REGINALD DALE

"THERE isn't one!" is the [illegible] reply of one Dutch commentator, when asked to talk about his country's foreign policy. He is not the only one in The Hague to feel much the same way. But the baldness of the statement is almost certainly unfair.

It is true that the Centre-Right Government that has been in office for nearly two years has adopted a lower profile than its Centre-Left predecessor on many of the burning issues of the day — most notably South Africa, the North-South dialogue with the developing countries and human rights. There is nobody in the present Government, for example, remotely resembling the controversial Mr. Jan Pronk, the former Minister for Overseas Development, who used to run far ahead of the EEC pack in his efforts to promote the interests of the Third World.

Whereas Mr. Pronk found EEC membership an irksome constraint on his initiatives, today's Ministers stress the virtues of co-operation with the countries of the EEC and NATO Allies, in a way that to some may appear less exciting.

Commitment

But the change is less great that it may seem at first sight. The fundamental basis of Dutch foreign policy—commitment to a strong and increasingly united Western Europe—has remained unchanged since the end of World War Two. The commitment is nonetheless powerful for being almost entirely uncontroversial. Today, in their international relationships, the Dutch are at the centre of three concentric circles. The innermost is the EEC (in which they remain committed to a "Federal" Europe), the next is the Western Alliance and the third the broad international forum of the United Nations.

There are those who see some wavering in the constancy of these relationships. Mr. Jerome L. Heldring, one of the country's leading foreign affairs experts, sees a trend towards pacifism and neutralism in the 1970s. This, he believes, is the consequence of the social upheaval of the 1960s, in which traditional values were overturned and the still-powerful Churches radicalised within a decade. The trend is certainly to be detected among members of the "New Left" faction of the opposition Labour Party and even on the left of the centrist Christian Democratic Appeal (CDA), the main member of the governing coalition.

There has been talk in these circles of making support for NATO "conditional," rather an automatic, and last year a petition protesting against Alliance plans to deploy the so-called neutron bomb obtained 1m to 1.5m signatures (in a country with a total population of 14m).

The public's disaste for nuclear power, both civil and military, is as strong as if not stronger than anywhere in Western Europe. A major controversy is now looming over the Alliance's plans to modernise its medium-range nuclear weaponry in Western Europe, as explained in greater detail elsewhere in this survey.

The European fervour, once so characteristic of the Netherlands, has now largely dissipated—at least among the population as a whole. The first direct elections to the European Parliament in June this year, produced a turnout of under 58 per cent—far higher than the British, but disappointing in Dutch terms. Labour Party voters appear to have stayed away for much the same reason as their counterparts in the UK. They both lacked enthusiasm for the new venture and doubted whether it would achieve much anyway.

On the other hand, it should not be forgotten that one of the main reasons for the current Dutch lack of interest in the goings-on in Brussels and Strasbourg is almost certainly precisely the fact that EEC membership is uncontroversial. Nobody is seriously suggesting that the country should pull out or change its terms of membership.

As for NATO, a recent opinion poll suggested that 75 per cent of the population were still in favour of Dutch participation. Despite the rumblings on the left, no serious politician is advocating the country's departure from the Alliance, and prominent Labour leaders, such as Mr. Joop den Uyl, the former Prime Minister, have always spoken in favour of solidarity among the Allies. The same goes for the leaders of the up-and-coming progressive party D'66 (*Democrats, 1966*), a Left-to-liberal party with an intellectual flavour.

Questions

If increasingly critical questions are being asked, the underlying consensus in favour of membership of the Western bloc is still there.

And the reasons are not hard to find. For geographic and economic reasons, the Dutch are almost entirely dependent for their survival on their Western neighbours and have no wish to change their allegiance. In a country where proportional representation allows small parties to flourish, the Communist Party has only two seats in a Parliament of 150 members. The Labour Party has traditionally been anti-Communist, even if some of its members are now less worried than they used to be about Soviet intentions towards Western Europe.

It is in part this very dependence on their neighbours, in Mr. Heldring's view, that makes the Dutch so prone to indulge in the "escapism" of proffering their views on the problems of others in different parts of the world. That, perhaps, and the strong sense of morality which pervades Dutch thinking on foreign affairs. With the Swedes, the Dutch often see themselves as the world's conscience—a factor that explains their deep interest in matters like human rights and South Africa. The present Government may be slightly less moralistic than its predecessor—its critics would say "less principled"—but it has gone to great lengths to work out a human rights policy.

A document recently signed by the Ministers of Foreign Affairs and Overseas Development tackles such thorny issues as whether to cut off development aid from Governments that violate human rights. The answer is "not under all circumstances." The effect of a cut-off on the local population must also be taken into account.

The same sense of moral duty consistently keeps the Dutch near the top of the league table of Western aid donors. Last year, the country's official development aid accounted for 0.82 per cent of gross national product, a slight fall compared with the year before, but comfortably above the United Nations target of 0.7 per cent, a figure so far achieved by only a handful of nations. The Government has pledged to maintain its own aid target of 1.5 per cent of net national income both this year and next, and development aid has been exempted from its planned cuts in public spending.

The main problem area in this rather cosy state of affairs, at least in recent months, has been South Africa. Mr. Christoph van der Klaauw, the Foreign Minister, a member of the right-wing Liberal Party (the VVD), has been criticised for adopting a milder approach than his predecessors to the Pretoria regime. His line is to condemn apartheid while stressing that progress in moderating its effects should not be ignored. We must, as he puts it, "listen to the voices of reason."

His party's attitude has now led to a serious controversy over the Paraplegic Olympic *Games that are due* to be held in the Netherlands in June next year, just before the Moscow Olympics. The VVD argues that a South African team should be allowed to participate on at least two grounds.

First, it argues, the way to attack apartheid is to foster as many contacts as possible. Secondly, it points to a report drawn up by the Dutch Embassy in Pretoria which found paraplegic sport in South Africa to be genuinely multi-racial. But Nigeria has already protested, and last month the Lower House of Parliament rejected South African participation by a two-to-one majority.

Still in Southern Africa, the Government would be presented with a major problem if Britain were to conclude a separate deal with the Rhodesian régime of Bishop Abel Muzorewa, excluding the Patriotic Front. The Dutch have already told London of the great concern at this possibility, which they fear could seriously split the EEC. There is little chance of The Hague feeling able to follow London if the UK went ahead with the recognition of Bishop Muzorewa and the lifting of sanctions in the absence of an all-party agreement.

In other areas of Anglo-Dutch relations, there are, as usual, few problems. The Dutch are showing increasing understanding of Britain's complaints about the "unfairness" of the EC budget. But they do not see why *London should receive* something for nothing. There are suggestions in The Hague that Britain will have to be more accommodating in the negotiations aimed at setting up a common fisheries policy, and even a hint that the UK's North Sea oil policy should be conducted in a manner more sympathetic to the needs of her EEC partners.

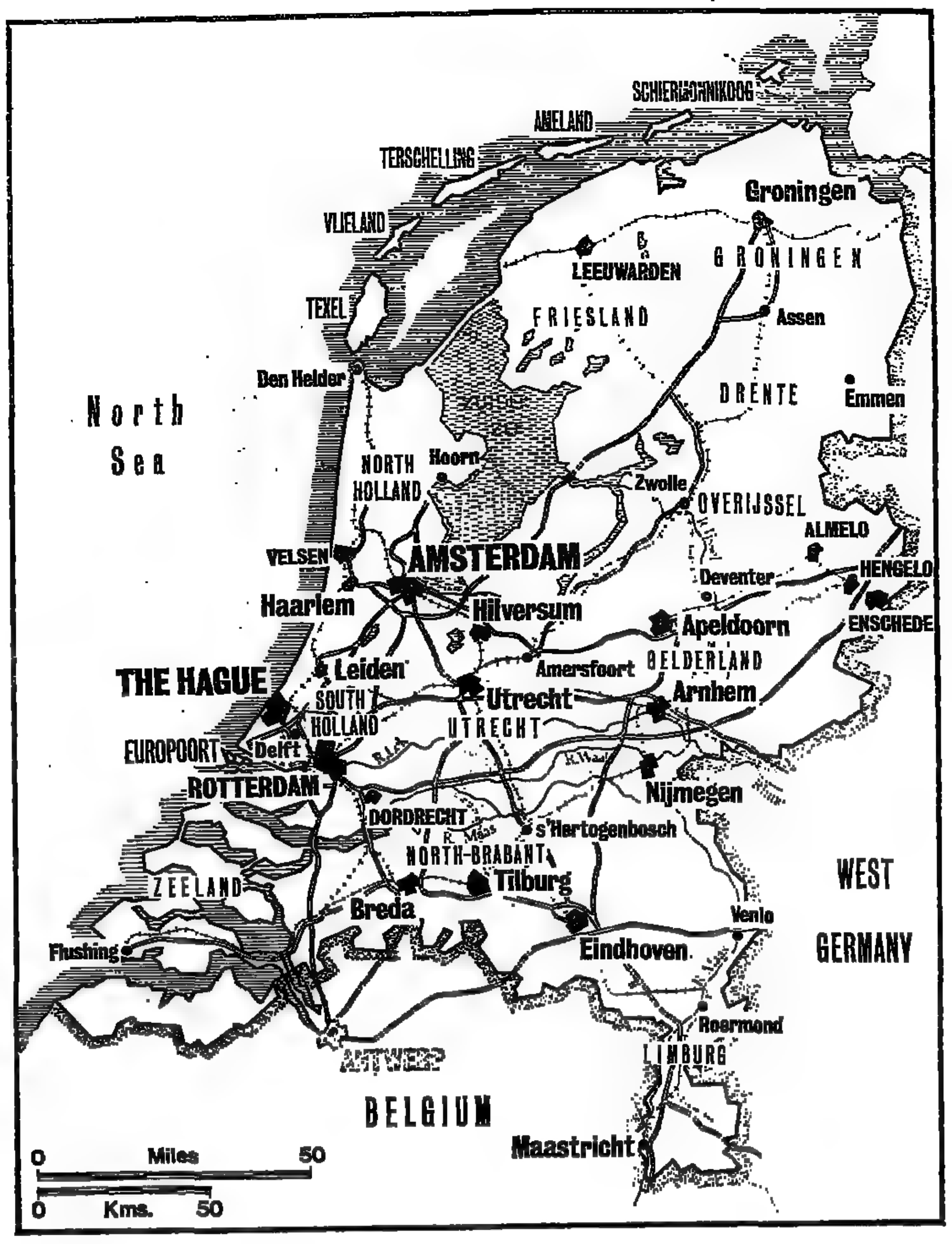
Change

But perhaps the most remarkable development in Dutch foreign policy and public opinion in recent months has been a steady decline in sympathy for the country's old friend, Israel, which until only a few years ago could do no wrong in Dutch eyes. The shift in favour of the Palestinlains recently led to a protest from Mr. Moshe Dayan, the former Israeli Foreign Minister. There is little doubt, however, that Israel must itself shoulder much of the blame.

In addition to general Dutch disquiet over Israeli policies on issues like settlements in the occupied territories and autonomy for the West Bank and the Gaza Strip, an important new factor has been the inclusion of a Dutch contingent in the UNIFIL forces that are trying to police Southern Lebanon. Their eyewitness accounts of Israeli bombings have attracted a great deal of publicity that has had a major impact on public opinion.

Dutch officials insist that the country remains, and always has been, in the mainstream of EC opinion on the PLO issue.

But that progressive shift of position shows that there is room for change, even in the consistent pattern of post-War Dutch foreign policy.



BASIC STATISTICS

Area	14,718 sq miles	Trade 1979	
Population	13,94m	Imports	Fl. 116bn
GNP	Fl. 282.456m	Exports	Fl. 108bn
Per capita	Fl. 20,261	Exports to UK	£2.52bn
Currency = Guilder	£1 = Fl. 4.22	Imports from UK	£2.25bn

Optimism may be short-lived

THE ECONOMY

CHARLES BATCHELOR

BY INTERNATIONAL comparison the Dutch economy is in a healthy state. Inflation is low (lower in fact than its main trading partner West Germany), while recent surveys of business opinion have been moderately optimistic.

Private economists are also reasonably positive, with one merchant bank referring to "a mixed economic picture with friendly undertones" in its latest review of the economy. The Central Bank, too, in its most recent quarterly report, discerned an improvement in sales and investment by industry.

Set against these hopeful signs is the latest macro-economic forecast, produced by the Central Planning Office, which shows a negative trend in many of the economic data. The planning office, which is the main Government forecasting agency, has also warned that the full impact of this year's oil price increases by OPEC has yet to be felt in the Dutch economy.

Clouds are gathering on the labour front with little prospect of a centrally-negotiated wage accord for 1980 and every indication that employers and unions are further apart than they have been for some time.

Signs

All the signs are that the Dutch economy is marking time, making forecasting difficult and dividing the experts. While some indicators and commentators point to an improvement in a basically sound economy, others suggest that the Netherlands is about to be faced with the bill for living above its means.

The fullest and most up-to-date economic information came in the planning office's macro-economic review which was presented, along with the Government's budget proposals, in September. This foresees a rise of about 2.75 per cent in gross national product this year. While this is an improvement on the two per cent growth rate last year, the increase in 1980 will again be lower, at 2.5 per cent.

This sluggish rate of growth is not a Dutch problem alone, although the high level of welfare benefits in the Netherlands has meant the struggle over distributing the limited increase in wealth has become particularly fierce. The leader of the largest employers' organisation, Mr. Chris van Veen of the VNO, has accused the Government of allowing the public sector to absorb all and more of the growth in the Dutch economy this year.

The unions for their part distrust the Government's promise to maintain the purchasing power of the lower-paid workers—those earning up to Fl 32,000 ($16,000) a year—and of those on social security. Reducing the growth rate of public spending has been the declared policy of the past two governments, but it is proving extremely difficult. Meanwhile, a series of unsuccessful strikes has soured relations between the unions and employers.

Little mention was made during the presentation of next year's budget estimates in September of the "Blueprint 81" plan, launched by the Government in June, 1978. The aim of this plan was to lop Fl 10bn ($5bn) off public spending over three years, allow more room to the private sector and reduce the Government's borrowing requirement.

Next year's budget, however, lays more emphasis on spending programmes—worth Fl 2bn—aimed at creating 10,000 to 15,000 more Government jobs, oiling the creaking mechanism of the labour market and encouraging industry to invest. This will be done even at the cost of maintaining unacceptably high levels of Government borrowing.

Dr. Jelle Zijlstra, president of the Netherlands Central Bank, warned in his 1978 annual report that the public sector and private consumption were continuing to absorb too much of the nation's wealth, while industry was investing too little to expand and create new jobs. The Central Planning Office's figures show little change in these unhealthy ratios.

While the rate of growth of private spending is expected to decline slightly—to 2.5 per cent this year and two per cent in 1980, there will be no increase in the real rate of industrial investment in either year.

The trade picture shows a slight improvement after several years in which the Netherlands has been priced out of world markets. The volume of Dutch exports is expected to rise 9 per cent this year, compared with a seven per cent growth in world trade. Export growth will fall sharply next year—to only four per cent—but world trade will also only expand at this rate. Happily, imports are only expected to grow at just over half the rate of exports this year and next.

High wage costs and the strength of the Dutch guilder are blamed by exporters for the loss of competitiveness on foreign markets. The central bank has nevertheless pursued a policy of encouraging a firm guilder since, it argues, higher import prices would only boost inflation in the open Dutch economy, where wages are automatically adjusted to take account of price rises.

The September re-adjustment of parities within the European Monetary System, under which the German mark was revalued by two per cent against most of the other member currencies, brought about a devaluation of the guilder against the Netherland's largest trading partner. The subsequent publication of the central bank's advice to the Government shows it was extremely reluctant to accept this realignment.

If the central bank's fears are realised then inflation, which is forecast to speed up again this year after several years of decline, will rise even faster. The price index is expected to rise by 4.5 per cent in 1979 and 5.5-6 per cent next year. Wage costs too are on the increase after slowing down in recent years.

The major failure of Government strategies has been the inability to bring down the high levels of unemployment. Programmes aimed at stimulating investment have been revised though inevitably they will not lead to any immediate increase in the number of jobs available. More than most countries, the Netherlands, with its high wage costs, cannot afford to invest in labour intensive schemes. New investment tends to lead to a reduction of jobs, at least in the short-term.

Around 210,000 people are now out of work and no reduction in this figure is expected next year. The Government's optimistic plans to reduce unemployment to 150,000 in 1981 have had to be abandoned. Against this high level of unemployment — representing 5 per cent of the working population—about 70.000 unfilled vacancies have been reported by industry.

One area of success has been the country's external payments position. After running sizable balance of payments surpluses throughout the 1970s, the Netherlands slipped into the red on its current account in 1978. The slight improvement in the visible trade position and the surplus on invisibles mean that the account is expected to be back in balance this year, while a surplus of Fl 1bn ($500m) is forecast for 1980.

In his review of the economy presented in May, Dr. Zijlstra expressed confidence in a recovery in prosperity if industry could cut its costs and the Government could reduce public spending. Six months later, little progress has been made towards achieving either of these targets.

ECONOMIC STATISTICS

	Percentages 1978	1979	1980
Gross national product	+2	+2.5-3	+2.5
Cost of living	+4	+4.5	+5.5-6
Wage costs	+7.25	+6.5-7	+7.5
Volume private consumption	+3.5	+2.5	+2
Volume company investment	+5	0	[illegible]
Exports by volume	+3	+9	+4
Imports by volume	+6	+5	+2.5
Unemployment totals	206,000	210,000	[illegible]
Balance of payments current account (Fl bn)	−1.9	0	+1

This year's hottest political issue

DEFENCE POLICY

REGINALD DALE

DEFENCE POLICY has provided the hottest political issue in the Netherlands as 1979 draws to a close. The question at stake is how far, and under what conditions, the Dutch are to participate in now well-advanced NATO plans to modernise the Alliance's so-called Theatre Nuclear Forces (TNF) in Western Europe. The answer could have far-reaching implications not merely for Dutch nuclear weapons policy but also for the country's entire future relationship with the Western Alliance.

The NATO short-hand for the the proposed operation, "TNF modernisation," is something of a euphemism. It is true that some of the West's medium-range nuclear systems in Europe, such as the British Vulcan bomber, are obsolescent and will soon need replacing simply to maintain the status quo. But the "modernisation" now envisaged would also imply a qualitative change in the nature of NATO's nuclear forces. It would mean that American nuclear missiles capable of reaching the Soviet Union would, for the first time, be deployed on the continent of Western Europe.

U.S. and NATO defence planners would like to base new intermediate-range Pershing 2 missiles in West Germany and ground-launched Cruise missiles in Belgium, the Netherlands and Italy, as well as the UK. They are anxiously watching the Dutch—widely regarded as the weakest link in the chain—to see how the Netherlands responds to what is arguably the most important test the Alliance has faced in 20 years.

Many Dutch strategic and foreign policy experts accept the military arguments in favour of the move, which is essentially intended to counter the new threat to Western Europe posed by the massive build-up of the Soviet medium-range nuclear arsenal. With its SS-20 mobile missile and its Backfire bomber, Moscow can launch a nuclear strike anywhere in Western Europe with pinpoint accuracy. The West has no equivalent weapons.

But there is also a wider, more political fear among Dutch proponents of the NATO plan. This is that (if the Dutch fail to participate) the country will find itself increasingly isolated in the Alliance. The Hague would be in danger of losing all say in the West's nuclear planning and a split would open up that could lead to an increasing estrangement of the Netherlands from its partners. A complete rupture is not really envisaged, but the country might move towards some kind of second-class, less committed status.

Reaction

These fears are dismissed by the plan's opponents, who include virtually the entire Parliamentary opposition as well as some members of the CDA, the major party in the governing coalition—in addition to a wide section of public opinion. A common, if possibly ingenuous, reaction is to ask what the point is of boosting the West's nuclear firepower when both sides already have multiple overkill. It is only by calling a halt, and abandoning "traditional NATO thinking," that the West can make a start towards ending the arms race, the case runs.

An argument circulating in the Labour Party, the main party of opposition, has it that there must be an end to the constant matching of new weapons systems on one side by new ones on the other—a practice that inevitably leads to a further build-up. Moreover, weapons like the SS-20 should not be seen on their own. The suggestion is that a catalogue should be drawn up of all short- and medium-range nuclear weapons on both sides, including the British and French deterrents and some American submarine-launched missiles in order to begin a bargaining process aimed at their reduction. Even if a need is finally established to strengthen the West's nuclear forces, no decision should be taken until all possible avenues of arms control have first been explored.

As for the NATO solidarity argument, the Netherlands did not surrender the right to make up its own mind when it joined the Alliance, it is maintained.

The wide espousal of these, or similar, views has put the Centre-right Government of Mr. Dries van Agt into an extremely tight corner. There is as yet no formal Government position but for a number of reasons, it would like to proceed with the new missiles—if it can. It has constantly pledged to co-operate closely with the other Western Allies. (It is among those NATO Governments that have implemented Alliance plans for annual 3 per cent increases in defence spending in real terms). It has made defence a high policy priority and it accepts the strategic case for "modernisation." But it could very easily be voted out of office if it plays its cards wrong.

While the junior coalition partners, the right-wing Liberals (VVD) are solidly in favour, the CDA could not necessarily count on the support of all its members if it were to come to the crunch in Parliament. A debate in the Second Chamber last month ended inconclusively, with neither of the two main motions on the floor (one CDA, one Labour) being carried. But it is clear that the Government is now committed to going back to Parliament, initially via the Foreign Affairs and Defence Committees, at least twice in the coming months. It will almost certainly be able to agree to no more than a "preliminary" decision at the December NATO Ministerial meeting that is meant to launch the modernisation programme.

Last month's CDA and Labour motions, in different ways, both stressed the need for the latest U.S.-Soviet strategic arms limitation treaty (SALT 2) to be ratified before NATO decides on the new theatre missiles—or at least before the Dutch decide whether or not to participate. On the Labour side, the rationale behind this is that SALT 2 ratification is needed to clear the way for SALT 3 negotiations in which it should prove possible to establish whether there is really a need for new Western missiles. On the CDA side, there is a widespread suspicion in The Hague that the aim is mainly to play for time. Mr. van Agt has said that there will be no "irrevocable" Dutch decision until SALT 2 is ratified.

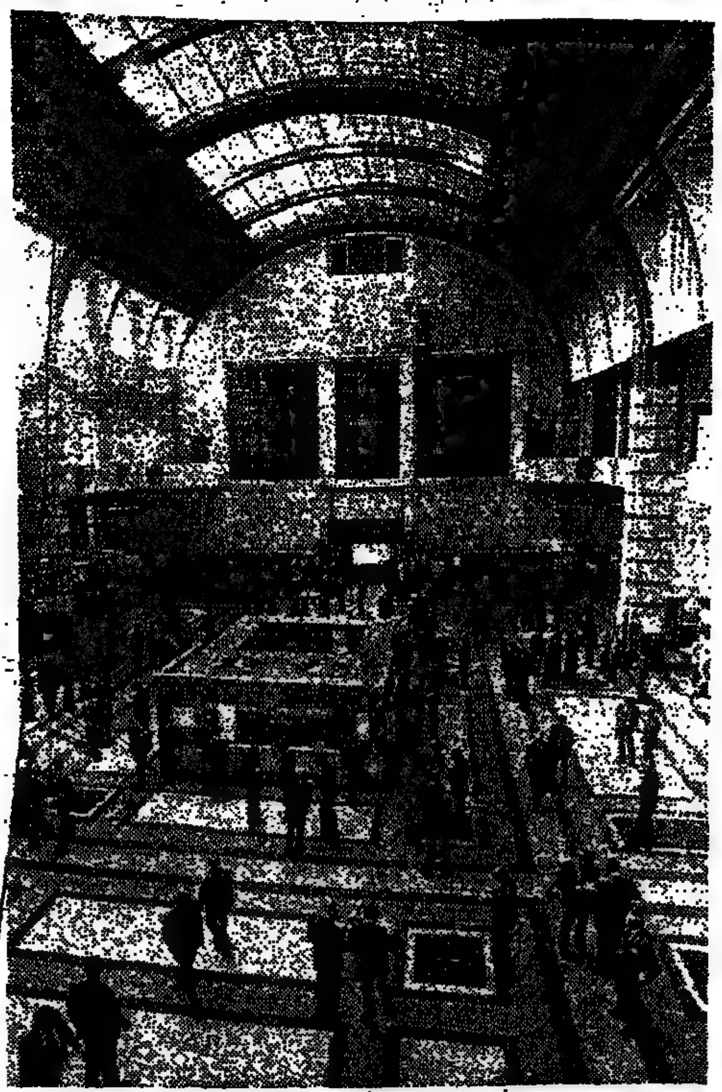
Opposition

Nevertheless, Labour opposition to the new missiles has not been quite as virulent as their advocates once feared. One reason for this almost certainly stems from a recent visit by a number of senior Labour Party leaders to Bonn, where they are thought to have been told firmly by their Social Democratic colleagues that West Germany wants Dutch support. The Bonn Government has said that it is prepared to accept the missiles on West German soil—but only if at least one other continental European country does so, too. Italy and Belgium are likely to go along with the decision, but could have second thoughts if the Dutch drop out.

The second factor was a visit to Moscow by Mr. Max van der Stoel, the respected former Labour Foreign Minister, who arrived on the eve of President Brezhnev's latest Berlin "peace initiative." Despite President Brezhnev's offer of progress on East-West new arms control, Mr. van der Stoel reported back to The Hague that he found no evidence of Soviet willingness to make real concessions.

CONTINUED ON NEXT PAGE

هكذا من الأصل



Amsterdam Stock Exchange

An anxious year ahead

BANKING/INSURANCE

JEFFREY BROWN

AFTER THE rapid expansion of the past few years, Dutch bankers and underwriters peer ahead to 1980 with some anxiety. World trade is slowing rapidly, and both industries face a number of domestic constraints. But the respective levels of concern among these *two bulwarks of the financial* community contrast sharply.

Compared to banking, insurance is a relatively recession proof business—and when it comes to declaring profits the industry has a built-in time lag, anyway.

The banks, on the other hand, are already beginning to feel the pinch as the high cost of money keeps customers at bay. Holland's ten major commercial banks could only manage assets growth of 2 per cent over the first half of 1979, compared to annual rises of a fifth or more in each of the four previous years.

The stock market performances of the two sectors reflect this state of affairs. Over *the past 12 months the Amster*dam bourse has made little or no overall progress with bank shares showing gains of around 5 per cent. In contrast, the insurance share indices are something like a sixth higher than they were a year ago.

During the first six months of this year, Nationale Nederlanden and Ennia, two of the three major insurance groups in Holland, increased their net earnings by a quarter and a *fifth respectively. Amev, which* completes the trio and is more heavily orientated towards life insurance, showed a 7 per cent improvement.

To some extent the international ambitions of the insurance sector, notably a push for a larger slice of U.S. business, have been backfiring recently with the weak*ness of the dollar having an* unfavourable impact on profits when dollars are translated into guilders for the purposes of company accounts.

But, in general, the insurance cycle remains at a *high* point, and there have been plenty of compensating factors. Two points stand out: the improving operating pattern *on the non*-life side, and the sharp rise in interest rates.

Many hitherto weak classes of non-life business finally managed to claw their way back into profit in 1978, notably motor *business in Holland, and* the improving trend has continued into the current year. Just as important in terms of short term earnings has been the trend of interest rates. High money costs have continued *to* widen the margin by which the returns on invested premiums outstrip the prevailing level of Dutch inflation.

By far the largest of the Dutch insurance companies is Nationale Nederlanden which controls something like 26 per cent of the life market in Holland and more than a tenth of *the accident business. Last year* Nationale Nederlanden took 36 per cent of its total revenue in the form of life premiums which compares with 33 per cent at Ennia and 42 per cent for Amev.

Non-life revenue premiums accounted for 31 per cent of total revenue at both Nationale Nederlanden and Ennia with investment income contributing 24 per cent and 33 per cent respectively. At Amev, non-life premiums represented 27 per cent of revenue last year while investment income chipped in 28 per cent.

Generally speaking, Dutch insurance companies are not prominent in reinsurance mar*kets. The exception is Nationale* Nederlanden where premiums from this class of business accounted for 9 per cent of total 1978 revenue.

Search

In recent years, Nationale Nederlanden has turned increasingly away from Holland *in the search* for new business, notably to North America. The acquisition earlier this year of the insurance group, Georgia Life, was a noticeably decisive step to expand in the U.S. where *the Dutch* group already had a revenue base worth 15 per cent of the total.

Nonetheless, the acquisition of Georgia *Life* represents a major swallowing act on the part of Nationale Nederlanden. The Atlanta-based company cost \$330m and brings with it around 134 service offices spread through 11 states in the southern region of the U.S., plus 2,750 agents and a full time staff of 1,450. The deal lifts to around 40 per cent the international contribution to total revenue at Nationale Neder*landen.*

Other insurance groups in Holland include the British-owned Delta-Lloyd (which became part of the Commercial Union group in 1973), as well as companies such as AGO and Amfas. The latter's profits have continued to maintain their enviable growth record with this year's first half gains extending to 14 *per cent at the net after* tax level.

Among the banking community 1979 profits show every sign of being mixed. The first half growth patterns among the big three commercial banks, Amsterdam Rotterdam Bank, Algemene Bank Nederland and Nationale Middenstandsbank, have varied widely. And so have their respective thoughts about the outlook for the rest of this year.

NMB managed to roar ahead by 34 per cent after tax for the opening six months of 1979 but *hinted at an effective downturn* in the second half. Amro grew by 15 per cent to the end of June and forecast modest growth overall, while ABN—with just 6½ per cent first half gains under its belt—spoke darkly about future uncertainties.

Quite clearly the strong trading patterns of 1978 are starting to go into reverse for the banks. Last year lending by the commercial banks to the private sector rose by 22 per cent, with both Amro and NMB outstripping this average by a very comfortable margin. The former increased advances by 24 per cent, with NMB lifting lending by a full 28 per cent.

No official figures are available for bank lending in 1979, but to judge by the slow growth of assets over the first six months, advances are starting to fall off sharply. The cost of money has now moved up *to prohibitive levels (especially* for the consumer), accelerating a trend already set in motion by a weakening economy.

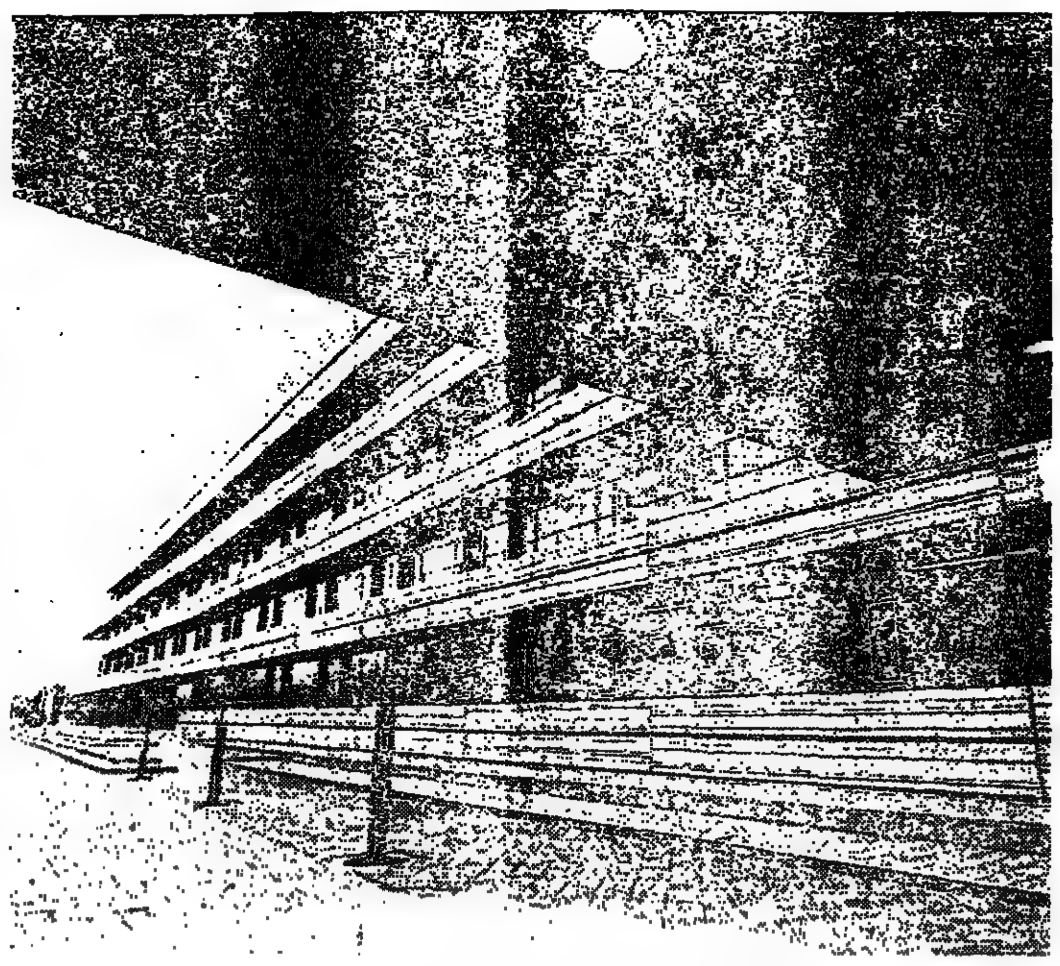
In this climate, and against a background of a tight Government grip on credit expansion, competition for business among the banks is becoming keener, resulting inevitably in a shading *of lending margins.*

Holland's three major commercial banks dominate the industry and account for something like 60 per cent of the commercial banking market. They represent a combined *balance-sheet total of well over* Fl 180bn. ABN and Amro lead the field and are roughly the same size in terms of balance-sheet total.

In terms of absolute profits, the largest bank in Holland is the agricultural co-operative, Centrale Rabobank, whose earnings growth last year just crept into double figures with a gain *of 12 per cent at the net level.* But Rabobank managed to lift its assets base at a pace that would not have disgraced the more aggressive commercial banks.

Rabobank's balance sheet total at the end of 1978 was a full 21 per cent *larger at Fls 74.2bn.* Rabobank may be traditionally linked to the market for farm finance and household accounts but today it is clearly bent on becoming an international banking operation.

In terms of international thrust, ABN is probably the *most active among the major* banks, at present. Around two-fifths of its earnings arise outside Holland, although its proportion of non-Dutch assets is lower. At the close of last year, ABN's foreign assets base represented something like 30 per cent of the group total.



The Finance Ministry, at The Hague

Political issue

CONTINUED FROM PREVIOUS PAGE

More generally, while the Brezhnev initiative has had some effect in the Netherlands, particularly among the militantly anti-nuclear churches, it has not had the impact the Soviet leader was probably seeking. Few, if any, politicians have markedly changed their position on the new missiles as a result. This, admittedly, is at least partly because Labour Party policy was already leaning towards the Brezhnev line.

Aims

The gap between the Centre-Right Government and the opposition Left is in any case not as great as it might be. Labour Party spokesmen say *they can imagine circumstances* in which it might be appropriate to station the new weapons on Dutch soil—particularly if existing nuclear weapons were dismantled.

The Government, for its part, is firm in its insistence that its *overall aim is as far as possible* to reduce the number of nuclear weapons, both in the Netherlands in particular and Europe as a whole. It sees considerable scope in the future, as technology advances and accuracy improves, for replacing existing nuclear weapons with conventional arms. It also looks to a success in the East-West Vienna negotiations aimed at reducing conventional forces in central Europe as helping the West to reduce its dependence on tactical nuclear weapons. In no case does it believe that the introduc*tion of a new weapons system* should result in an increase in the total number of nuclear warheads in Western Europe—indeed, the aim should be to reduce them.

Here, possibly, lies a hint as to one way through the Dutch TNF jungle. Opposition to the new missiles might be lessened if at the same time the number of the Netherlands' existing nuclear tasks in the Alliance could be reduced. The Dutch *armed forces share between* them six possible nuclear roles in wartime, ranging from the operation of Lance missiles to anti-submarine nuclear devices.

But it is also Government policy not to take unilateral decisions on such matters without consulting the Allies. If it were to use these tactics to carry the day, the Government would *have to convince both NATO* and its own supporters in Parliament that such a solution was acceptable.

City's major plan for renewal

ROTTERDAM

CHARLES BATCHELOR

THE IMAGE of the city of Rotterdam tends to be dominated by its port, the largest in the world and twice the size of its nearest rival, Kobe in Japan. While the port functions as an important motor for the economy of the city, and indeed for the country as a whole, it is only one part of the life of the Netherlands' second city.

The 600,000 Rotterdamers have the reputation for being hard workers. Shirts sold in the city's stores come with their sleeves already rolled up, according to one popular Dutch cabaret artist.

The desire to rebuild the city and its industries after the disastrous bombing raid which destroyed much of the centre and heralded the German invasion in 1940 meant that little attention could be paid to the finer aspects of re-establishing the city's character. The small-scale townscapes which made Amsterdam, Leiden and parts of the Hague so attractive was lost.

The famous waterfront statue by Ossip Zadkine which depicts Rotterdam as a man without a heart crying to the sky is remarkably apt. Nevertheless, while Rotterdam has its critics it avoided the worst mistakes of post-war rebuilding which have made some cities such soul-less places.

Rotterdam has now started a 10-year-plan to tackle the problems of a declining population and decaying inner city areas. Alongside the restructuring of patterns of housing, shopping and work, it is also making efforts to bring some life back to the dead evening streets.

It has set aside 11 districts within the motorways that encircle the town centre as priority areas where new houses will replace those which are past saving, others will be renovated, green spaces will be laid out and schools will be built. Efforts will be made to retain businesses in the city centre provided they are compatible with the nearby housing.

Rotterdam's waterfront

Scale

The size of the problem is shown by the fact that the 11 urban renewal areas contain 25 per cent of the city's housing stock, 60,000 of the 240,000 homes. They include nearly 7,000 firms, mostly small to medium-sized businesses, which employ 60,000 people. While 45 per cent are classified as retail outlets, 17 per cent are industrial or craft premises, 10 per cent are offices or wholesale concerns and 24 per cent are involved in transport and storage.

The present planning is for 15 per cent, or about 995 firms, to be moved, either because they create a nuisance, they make insufficient use of the available land giving a district a run-down look, or they represent an obstacle to new development in the form of housing, open spaces or other amenities. The relocation of these firms will cost hundreds of millions of guilders.

Housing, too, is an important element in the plan. A population of 558,000 in the central area of Rotterdam (within the motorway box) declined by 96,000 inhabitants in the seven years to 1975. Most of those moving out were families with small children, leaving behind the elderly, foreign workers and childless couples. Strict zoning has been applied to curb the growth of offices and increase the density of housing in existing residential areas. The number of dwellings will continue to decline until 1986, with demolitions exceeding new building by more than 9,000.

The move of the port westward towards the sea as the new deepwater basins have been developed has left many of the old port areas in a derelict state. These are now being given over to housing, with the advantage of attractive waterside sites.

Apart from the planned construction of more than 1m sq ft of office space near the central station, the city will not provide any sites for new office building until at least 1983.

The large number of offices have been blamed for the city's lack of night life. However, one recent development which is expected to lead to the building of more office space in the city centre, is the opening of the Rotterdam World Trade Centre, which is a member of a world-wide association linking similar centres in 40 cities. The Rotterdam Trade Centre occupies 1,100 sq m of space in the Stock Exchange building, but there are plans to expand on the same site. Opened in August, 1978, it provides a meeting place for Dutch and foreign businessmen engaged in trade. The centre also has a computerised store of commercial information and is a venue for seminars and congresses.

The post-war rebuilding of Rotterdam meant ample space was set aside for the motor car. Public transport, too, is of a high standard and Rotterdam is expanding its underground network which links the town centre with the far-flung suburbs. Despite the excellent system of motorways around the city, delays regularly build up on the main Maas crossing while work is still going on extending the motorway link with Europoort.

In the city itself more thought is being given to the cyclist while some roads have been reduced in width to limit the impact of the car. Two parking places for every three dwellings is the norm laid down in the urban renewal plan. In an attempt to reduce all-day parking by commuters, free parking will be phased out and on-street meters replaced by a smaller number of multi-storey car parking places.

This emphasis on making Rotterdam a more pleasant place in which to live as well as work has, in the eyes of many businessmen, gone too far in recent years. Reacting to the large numbers of refineries, chemical plants, coal and ore depots and other potentially polluting industries built along the River Maas, Rotterdam and the "Rhine mouth" communities to the west have imposed tougher conditions on new industry.

This led to what has become known as the "Kruwal Affair" in 1976 when a West German consortium of that name dropped plans to build an iron ore pelletisation plant, after two years of preparatory work. The steel companies involved finally lost patience with the conflicting environmental demands of the various layers of authorities involved in the decision.

A further indication that the energy and confidence, which had made Rotterdam into the prosperous city it is, had faded somewhat was the loss of a liquefied natural gas (LNG) terminal to the tiny port of Eemshaven on the northeast coast of the Netherlands. While the need to create jobs in a depressed area of the country was a major reason for the decision by the government, Rotterdam for too long assumed it was the automatic choice for the terminal.

If anything, this was a greater blow to the city, striking at its claim to be the energy port of Europe. More than half of the tonnage handled by the port is oil, while coal is also transhipped in large quantities.

The authorities are more positive towards plans for a Fl 350m ($175m) liquefied petroleum gas (LPG) terminal which has been proposed by British Petroleum and the Royal Dutch Shell group. The two companies want to build a new harbour for LPG tankers of up to 75,000 cubic metres with 150,000 cubic metres of storage tank capacity.

Last year saw a further fall in the total tonnage handled by the port, by 3.5 per cent to 270m tonnes. This followed a decline of 2.7 per cent in 1978 and was well below the peak of 309m tonnes reached in 1973. However, a continuing decline in the volumes of mineral oil handled — by 20m tonnes to 156m tonnes — disguised an improvement in most other areas in 1979.

Success

Ore handling was up — to 35m tonnes from 31m — while the volumes of chemical products, coal, animal feeds, metals and oil seeds also increased. The amount of grain transhipped continued to decline, to 6m tonnes from 7m in 1978 and 10m the year before that. Containers are still the success story of the port with tonnage increasing to 9.1m from 7.5m and numbers exceeding the 1m mark for the first time, compared with 900,000 the year before.

The harbour employers' organisation expects a further improvement in the non-oil sectors this year and even oil volumes were up in the first three months of 1979.

Despite Rotterdam's dominating position in the Hamburg-Le Havre range of ports-it accounted for 46 per cent of the nine north-west European ports total tonnage last year—the competition is tough. It has now proposed a Fl 1bn ($500m) package of measures to modernise its radar system, deepen its approaches and expand container and coal terminals.

Both port and city will be undertaking substantial renewal programmes in the years ahead. Rotterdam is putting a lot of effort into making itself a better place in which both to live and work.

Lively debate ahead on nuclear issue

ENERGY

CHARLES BATCHELOR

THE BROAD outline of the Netherlands' energy policies for the next two decades will emerge over the next few months with the presentation of two Government papers on coal and nuclear power. These will be followed by a two-year public debate of the options open to the country and, finally, by a decision in Parliament on the course to be followed.

While, at first sight, the Netherlands is in a favourable position because of its own large supplies of natural gas, its trade-dominated economy is very vulnerable to outside pressure. The failure to discover further large supplies of gas, or of oil, in the Dutch sector of the North Sea, threatens to leave a vacuum when the massive Slochteren field, now 20 years old, is exhausted.

Nuclear energy is a particularly controversial subject in the Netherlands where the high population density means that the number of potential sites for power stations and for waste storage are very limited. If the discussion has not been marked with the violence which has accompanied the nuclear programme of West Germany this has largely been due to the moratorium placed on nuclear power plant construction in recent years.

The only two plants at present in operation are a 450 MW pressurised water reactor at Borssele in the south-west of the country and a 50 MW experimental reactor at Dodewaard, near Nijmegen. The Borssele reactor was shut-down twice within the space of a few months, earlier this year, after leaks developed in the steam transmission system. Coming so soon after the near-disaster at the Three Mile Island power station in the U.S., this event emphasised the sensitivity of the nuclear question.

Although the need for additional nuclear power stations is only likely to become pressing in the 1990s, the long lead times of the nuclear construction industry mean a definite decision must be made within the next two to three years, of which two years will be taken up in the public debate. The Government has stressed that whatever may come out of this debate the final responsibility for policy lies with the Cabinet and with Parliament.

With no party in Parliament actively in favour of nuclear power—although the scientific advisory group of the Right-wing Liberal Party recently made a positive report—the Government is likely to have difficulty in persuading Parliament. The two Government parties—the Christian Democrats and the Liberals—have been lukewarm while the largest party in Parliament, the Socialists, are strongly opposed.

The present Cabinet is very much in favour of nuclear power. It would help reduce the dependence on gas and oil and provide an alternative to coal, which is also expected to grow rapidly in importance as a fuel. Until the late 1980s the Netherlands will have excess electricity generating capacity but thereafter additional plant must be built.

Switch

In the medium-term, power stations will switch from gas to oil and coal. This will lead to an increase in the contribution of oil to primary energy requirements—from 41 per cent in 1978 to around 45 per cent this year and 57 per cent in 2000. The sharp rise in the price of oil and the danger that it can be used to apply political pressure by the members of OPEC makes this an unwelcome development. But it is unavoidable until coal, and possibly nuclear energy, can take up the energy burden.

While nuclear power brings with it enormous environmental problems, coal is not without its drawbacks. Increased coal burning would add substantially to air pollution, it is bulky to transport and the disposal of waste would not be an easy matter. Nuclear power would therefore be an extremely useful addition to the range of fuels open to the Dutch Government, despite its well publicised disadvantages, according to Mr. Willem Tiedeman, director of energy at the Economics Ministry.

A decision against nuclear power by the public and Parliament would do little to ease the time pressure under which the Government is working. Planning for a large number of coal-fired power stations and for handling facilities at ports and rail heads would also take time.

At this early stage in the nuclear debate no decision has been taken on the type of nuclear power stations which would be built. The Netherlands has experience of the light water type at Borssele, but it is also watching closely the development of the Canadian Candu heavy water type and the high-temperature gas-cooled type made by the General Atomic Company.

A choice of coal would do little to reduce the Netherlands dependence on imported fuels. But since the country depends so much on foreign suppliers for a wide range of products, this element of risk just has to be accepted, its energy experts argue. The twin disadvantages of the OPEC price cartel and the concentration of supplies in one area, the Middle East, do not apply to coal. The Netherlands imports its coal from a number of sources, including Australia, South America, the U.S., Canada and Poland. A contract for the annual supply of 600,000 tonnes of Polish

CONTINUED ON NEXT PAGE

Serious disruptions are feared

THE CHANCE of further social upheavals in the Netherlands is great. The moderation of the unions, which over the last few years has been a significant factor in containing the growth of wage costs and inflation, appears to have come to an end.

This autumn social strife started with prolonged dock strikes in Rotterdam, the world's busiest port, and in parts of the petro-chemical industry, where industrial action concentrated on Shell's oil and chemical operations.

The dockers' strike, over increased pay, was unofficial because the port's labour contract between union and employers had been settled already. The petro-chemical strike, over a demand for a 35-hour working week and five-shift working, was declared official.

The problems in the port — the tugmen's strike, which had sparked off the dock strike, ended after the men received a lump sum from "external sources," though none of their demands were met — and in the petro-chemical industry are more or less solved.

However, a bout of strikes in the meat processing industry had ended with a complete victory for the strikers. When some companies offered bonuses on top of the recently-agreed rates to attract badly-needed staff, workers at other plants downed tools in support of a demand for the same increases.

Fears

But observers of the industrial scene appear certain that this is only the start of greater problems which could seriously affect the country's traditionally harmonious industrial relations. The chance that the talks on the new wage contracts for 1980 will succeed without any strikes does not seem very great.

Central point in the discussions will be the policy of wage restraint. Ever since the oil crisis of 1973 the respective Dutch governments have pinned their hopes on wage restraint in order to improve the position of Dutch industry.

The Dutch economy, which is for over 50 per cent dependent on exports for prosperity, was at that time losing ground in most foreign markets. The relative strength of the guilder on the international exchange markets was partly responsible for this development, and so was the high level of wage costs.

The worst thing was that the country's most important trading partner, West Germany, managed to keep inflation at a much lower rate than The Netherlands. A deteriorating balance of payments, notwithstanding the huge revenue from natural gas exports, was the result. Almost anyone at that time believed that wage restraint would provide the solution to the problems.

The trade unions so far have co-operated with this policy. In return for their co-operation they asked for some reforms in the social field. They concentrated on two demands. First there is the question of greater worker participation in management and second that of sharing the extra profits companies make as the result of wage restraint.

This last item, called the vermogensaanwasdelingsregeling (the "VAD"), was one of the so-called social reform plans conceived by the former Socialist Prime Minister, Mr. Joop den Uyl. He succeeded in convincing the labour movement, and in the first place the dominant Socialist trade union FNV, that with this profit-sharing system wage restraint would not lead to "unreasonably high" profits for the shareholders. And wage restraint, he added, would lead to more jobs.

Mr. Den Uyl's government fell, however, before the Bill had passed Parliament. The ruling Right-of-centre coalition has been unable so far to agree on a new—for the Right-wing—more acceptable excess profit-sharing Bill. This is one of the key arguments why the main labour movement has said it will not for much longer accept wage moderation. Its argument is that in a lot of industries the profits are now high enough again.

Behind that argument lies a more fundamental problem. The reason for need for wage restraint and for plans for economic recovery, which was the basis of the Government's Blueprint '81 programme, is the still very high unemployment rate. There are more than 200,000 registered unemployed in the Netherlands and this figure would be significantly higher if "hidden" unemployment were added.

A great number of the unemployed are not included in the figure because they are paid by social security funds other than the unemployment fund (for example the disability fund). Moving redundant workers into disability schemes is financially attractive for both employers and employees.

But besides the problem of the estimated more than 150,000 "hidden" unemployed, there is also the difficulty that, despite the many out of work, many employers seem unable to get the quantity and quality of people they want. In several sectors of the Dutch economy there is a serious shortage of skilled workers.

In the building and metal industries, employers have even been forced to recruit in England to fill vacancies.

The result is that wages in the sectors where the shortages are most severe—and these are by no means necessarily the strongest industries—have been forced up. Employers appear to have no alternative, although they are aware that they are infringing upon the terms of the agreed wage agreements, which is illegal.

An increasing number of workers in these sectors, but also elsewhere, do not believe in the necessity of wage restraint any more, seeing that in some places high wages are offered to fulfil the vacant places. They are pressing their union to take a firmer stand on the wage front than they did in recent years.

Dr. Willem Albeda, Minister of Social Affairs, who has a union background himself, repeatedly stresses the need for continued pay restraint. But he added at a meeting: "If one sees that it is often so difficult to fill vacancies that employers in some cases buy away each other's personnel, then it is not so surprising that not everyone sees the relation between restraint and fight against employment clearly."

Dr. Albeda pointed out that after the real wage increase in the Netherlands — excluding wage indexation—had fallen from 4 to 1 per cent, employment prospects clearly had improved and the rise in employment had been halted. The number of newly registered unemployed has fallen "significantly" from the end of 1976.

Meanwhile, Mr. Wim Kok, leader of the largest trade union, FNV, has already announced that his organisation will seek wage increases from the stronger companies this winter. "If the employers themselves don't stick to the guidelines of wage restraint, why should we?" Mr. Kok asked.

Not only the socialist FNV (1.08m members) but also the much smaller and less militant CNV (0.3m), which is the Christian Democrat-oriented trade union, has expressed its intention of taking a firmer stand on the wages front than it has in the last few years.

The government, on the other hand, thinks that it is necessary to maintain wage restraint. "In a very few industries profits have indeed recovered more or less, but in most of them the situation continues to be very gloomy," the Prime Minister, Mr Dries Van Agt, said. His budget for 1980 is therefore based on the supposition that real wages will show only a very moderate growth.

Above the average wage of Fl 32.500 before tax (£8,000) the real wage will even decrease, if the plans of the government are carried out. And Mr. Van Agt has made it very clear that additional compensatory measures will be carried out if the social partners will agree upon higher wages.

Most of the workers seem not to be prepared to accept the wage restraint. A recent opinion poll said that a large majority want to see their real income grow. Only 9 per cent was prepared to accept a real pay cut. The reason for this attitude, says the poll, is the fact that only few believe that their moderation in wage demands will really help to improve the economic situation and so increase employment.

In the background of this problem of the necessity of wage restraint is the discussion on the social security system. The reason for the wage restraint is that the very little economic growth that exists is absorbed almost entirely by the public sector. Most of it is paid out as welfare benefits. The employers want the private sector to be stimulated and think it about time to put a stop to the growth of the payments under the social security laws.

Problem

Mr. Chris van Veen, leader of the biggest employers' organisation, VNO, said recently: "The rank and file of the unions have more than enough of the endless solidarity of the trade union leaders with the people who live off social security. The workers see that it is possible to get virtually the same pay without doing any work. This is the real problem. The social security system is getting out of control."

He added at another meeting, discussing the problems on the labour market: "Not only the provision of personnel, but also the competitive edge of companies is being threatened. And also the development of wages and costs, even our whole prosperity is being threatened by the unacceptable situation on the labour market."

Mr. van Veen said that although the figure of 200,000 unemployed was a "frightening" one, the figure was misleading in the sense that 70 per cent had found a job within six months while 50 per cent were employed again after three months. He urged that employers and the unions should overcome as soon as possible their different views on how the labour market problems should be dealt with.

Mr. Wim Kok calls Mr. van Veen's statements on social security payments highly provocative. "He tries to widen the distance between the working people and the inactives in society. But we are not prepared to give up the solidarity with those who are not able to work."

But there are growing indications in the fact that Mr. Kok may be losing control over his members. Observers think that that is the reason for the wage claims threatened by the trade unions, especially in the stronger industries. Those claims are on top of, and not in place of, the demands for a reduced working week.

Dr. Albeda said of the current discussions on the reduced working week: "Employees may well ask for more jobs rather than for more money, but if the latter raises wage costs, the impact on corporate profitability will be negative and so will the impact on employment."

Dr. Albeda did state, however, that given workers' demands for a reduced working week, and five-shift working, the employers' worries about high absenteeism and a shortage of staff owing to a lack of mobility of labour and the government's need for wage moderation, some way of reconciling all the demands in one policy could be found and that he was working on this.

The unions' hostility towards the current Right-of-centre Cabinet is unlikely to be soothed, however. In the meantime, the unions' threatened demands for higher wages in strong industries may well be taken over in industries across the board. This, it is feared increasingly, could easily lead to industrial disputes on an un-Dutch scale.

LABOUR RELATIONS

GERARD DRIEHUIS AND MICHAEL VAN OS

Nuclear debate

CONTINUED FROM PREVIOUS PAGE

steam coal over a 10-year period starting in 1980 was signed in September between a Dutch trading group and the Polish state coal company.

The subject of the Netherlands' own reserves of coal is frequently raised but the Government sees no prospect of them being exploited this century. The cost of re-opening the mines, which were closed down in the late 1960s and early 1970s, would be prohibitive. Even allowing for improvements in mining technology and the rise in energy prices generally, their exploitation would be uneconomic. The underground conversion of the coal into gas is a long-term possibility, but the seams are so deep and fragmented that even this would have to wait until long after the year 2,000.

However, the Netherlands is following closely experiments being carried out in West Germany and Belgium. The gasification of imported coal is a likelier prospect and would offer the twin advantages of being acceptable environmentally, and of making use of the country's extensive network of gas pipelines and pumping stations.

Gas is the least controversial piece in the Dutch energy jigsaw, although accounting as it does for just over half of total primary energy supply it remains an essential element. With no prospect of major new discoveries the emphasis is now on the best possible use of existing supplies and on increasing imports. To retain the large Slochteren field as a strategic reserve the smaller fields are being used up first.

Reserves

Proven reserves fell by 79bn cubic metres last year to 1,739bn cu ms, according to the national marketing and distribution company, Gasunie. This is enough to meet expected domestic demand of 891bn cu metres up to 2003 and export obligations of 805bn cu metres and still leave a reserve of 243bn cu meters. When expected reserves —with a 50 per cent chance of actually being recovered—are taken into account, then the Netherlands has enough gas for another 45 years.

Earlier this year, the Netherlands reached agreement with Algeria on the delivery of 112bn cu. ms. of liquefied natural gas over a 20-year period. This contract was for a much larger volume than the 80bn cu. ms which was originally under discussion and further talks are now being held with Sonatrach, the Algerian gas producer. The Dutch are keen to diversify their gas imports and talks were recently held with the Soviet Union, while Norway, which recently announced a sizeable new discovery, is also seen as having the potential to increase its gas deliveries.

Prices

In line with its policy of restricting gas to home heating and high technology uses the domestic price has been brought in line with the world price of oil. The export contracts, which respond less rapidly and less fully to rises in the oil price, have been criticised by Dutch industry. With delays of up to a year in the adjustment of the export price of gas, the Netherlands is often in the position of supplying foreign competitors with cheaper gas than its own industry. The Economics Minister, Mr. Gijs van Aardenne, hopes to persuade West Germany, Belgium, France and Italy to accept a more complete system of indexation.

Other sources of energy, such as wind and solar power, waste incineration and district heating, are only expected to make a small contribution to the Netherlands' energy requirements. The Dutch climate makes improved house insulation a better prospect than solar heating. Nevertheless, studies are being carried out into the possibility of summer solar storage for winter use and solar cooling.

The construction will start shortly of an experimental wind turbine with 25 metre rotor blades on the coast at Petten, north of Amsterdam. This modern development of the traditional Dutch windmill will feed power into the local grid.

Some prominent personalities

PROFILES BY CHARLES BATCHELOR

Gijs van Aardenne

WHEN Prime Minister Dries van Agt named his cabinet, nearly two years ago, he promised they would be a "hard-working, unpretentious crew," setting the tone for his Government's low-key approach. In Gijs van Aardenne, his Minister of Economic Affairs, he has found perhaps the personification of this ideal.

In attempting to reverse the decline that has affected many sectors of Dutch industry in the 1970s and open up new and more promising fields, van Aardenne faces a daunting task which he is tackling with vigour. And he certainly could not be accused of pretention in his rather pedestrian presentation of his policies to parliament and the public. Even his political allies will admit that the far-reaching economic polices of the present cabinet have not been put over with the force they merit.

Van Aardenne took over the economic portfolio in December, 1977, at a time of re-evaluation and change. This had already been set in train by his predecessor Ruud Lubbers under the previous left-wing cabinet, which began to cut back on the rate of increase of public spending. The current centre-right Government understandably lays greater emphasis on the role of the private sector in providing a stimulus for the economy.

Two areas which have kept van Aardenne particularly busy have been those of investment incentives for business and energy policy. The new investment account scheme, introduced in May, 1978, allows loss-making companies to benefit from subsidies and gives additional benefits to the regions. This has been strengthened this year by a scheme for supporting whole sectors of industry in place of merely aiding individual companies.

On the energy side van Aardenne's department is now drawing up proposals for the role of coal and nuclear power in the coming decades. The Netherlands must decide on its fuel mix now that reserves of natural gas are being used more sparingly.

Van Aardenne was born in Rotterdam in 1930. After opting for the scientific side at the local "gymnasium," he went on to study mathematics and physics at Leiden University. He then went to work for the engineering group, Penn en Bauduin, in Dordrecht, which specialises in oil and gas equipment, and between 1967 and 1970 was managing director of the company.

He became a member of the Right-wing liberal party on the municipal council of Dordrecht in 1964, eventually being appointed leader of the party on the council. Except for a break of three months in 1971, van Aardenne was a liberal party MP in parliament until his appointment as Minister for Economic Affairs.

As the only Liberal Party minister in the important social-economic-financial triangle of ministers, he is called upon to work closely with his two Christian Democratic colleagues. The fact that van Aardenne, finance minister Frans Andriessen and social affairs minister Willem Albeda are closely matched in ability plays no small part in the success of that co-operation.

In a recent assessment of the performance of the current Cabinet carried out by the weekly magazine, "Elseviers," van Aardenne emerged, in the view of other politicians, as one of the strongest ministers. His strength lies in his ability to take difficult decisions, though he lacks a flair for inspiring others.

Dirk de Bruyne

IT COULD convincingly be argued that Dirk de Bruyne, president of Royal Dutch Petroleum and chairman of the board of the committee of managing directors of the Royal Dutch/Shell group, is the most powerful man in the Netherlands. He presides over the third largest company in the world, with 1978 sales of Fl 101bn ($50.5bn), a sum larger than the Fl 97bn direct spending by the Government of the Netherlands in that year.

Yet, in the way of the giant multinational corporations, he is not a well-known figure, outside a fairly small circle of oil men, Government officials and stock market analysts, despite the controversy surrounding the oil companies. Part of the explanation of this lies in the fact that De Bruyne is only one of the eight members of the committee of managing directors of the Anglo-Dutch group. Responsibility for decisions affecting the world-wide group is shared, a point De Bruyne himself is happy to stress.

The dual nationality of the group, with 60 per cent in Dutch hands and 40 per cent in British, also supports the anonimity of its senior directors. While there are sound historical reasons for this, it produces the feeling, at least, that Royal Dutch/Shell is not quite as tangible as, say, Philips or any other solely Dutch-based company.

This elusiveness is strengthened by the presence of local operating companies. If Royal Dutch hits the headlines in the Netherlands, as it did recently when it broke a strike which had shut down its Rotterdam refinery, then it is the directors of Shell Nederland who put the company's viewpoint.

Despite its importance for the Netherlands — Royal Dutch/Shell is the largest Dutch company and even Shell Nederland comes sixth in the turnover listings in its own right—the company and its senior Dutch director keep a remarkably low profile.

De Bruyne in person lives up to the image of a senior oil executive, with perhaps just a touch of the banker in his taste for sober, pin-striped suits. His manner is reassuring, serious yet with a hint of joviality.

Born in 1920, he joined the Royal Dutch/Shell group at the age of 25 after studying economics in his home town of Rotterdam. Starting in the finance department, he worked his way up in the succeeding 22 years to become head of the Dutch arm of the group. The death last month of Michael Pocock, chairman both of Shell Transport and Trading and of the group committee of managing directors, led to De Bruyne taking over the top post in the Royal Dutch/Shell group.

De Bruyne is the only one of the four Dutchmen who make up half of the committee of managing directors who is not an engineer by training.

After 10 years in the financial department in the Netherlands, he went to Indonesia where he became treasurer in 1957. A series of financial appointments followed in London, The Hague and Italy as he began the traditional round of the group's world-wide operations. After three years as regional co-ordinator for the group's oil interests in Africa, he was briefly general manager of Deutsche Shell before returning to London as Director of Finance in 1970.

He became a managing director of Royal Dutch Petroleum in 1974 and president three years later. At the same time as his appointment as president in 1977, he took over the chairmanship of Shell Oil Company, the U.S. subsidiary, 69 per cent owned by the group, and became a director of Shell Canada.

De Bruyne heads Royal Dutch Petroleum in no less unsettled times than his predecessor, though he does benefit from the fact that the lessons of the four-fold increases of oil prices in 1973-74 can be applied to the less steep rises of 1979. With the increasing control of the OPEC countries on the production end of the oil pipeline, Royal Dutch/Shell is seeking to develop its strong position in the retail market, he said soon after taking up his present appointment. Despite the failure of its move into nuclear power in the early 1970s, the company is continuing to diversify, developing its coal and metal interests alongside the dominating oil and gas.

The effect of price rises on the valuation of stocks and the accounting principles applied to this, as well as the impact of currency movements, are of growing consequence for oil companies' profits. At such a time a company is well-served by having a financial man at the top.

Jan Dutman

THE NETHERLANDS' 1.1m public sector workers—from bus drivers and road sweepers to teachers and tax inspectors—have become uncharacteristically militant during the past year. The man who has headed this development is Jan Dutman, leader of the largest of the public sector unions.

In the highly indexed Dutch wage structure, the salaries of Government and municipal workers are linked to those of private industry. The discovery that faulty calculations had tipped the scales too much in favour of the public sector over the past few years, and the Government's desire to cut back public spending, has led to a re-adjustment of the index. This has provoked howls of protest, and a series of demonstrations, strikes and go-slows.

These protests have not persuaded the cabinet to change its mind but they have stopped trams and buses and postal services. These symbolic actions have been well organised and have usually lasted for only a day, but they are nonetheless unusual in the Dutch context.

The 60-year-old Dutman, who began his career at the age of 15 in the municipal treasurer's department of his home town of Zwolle, says the current wave of militancy would have occurred even without his leadership. The good times are over, when public sector salaries rose steadily each year in line with the Netherlands' increasing prosperity, he says.

It is clear, though, that Dutman's tough, no-nonsense style of negotiation makes him the ideal man to lead his union in its talks with its members' employers, the Government and local authorities. His rise to prominence comes at a time when the more moderate union leaders, who have dominated the stage throughout most of the 1970s, appear to be losing the support of their rank and file.

Dutman heads the largest of the many unions into which the public sector workers are grouped. He has been chairman of the General Union of Public Sector Workers—ABVA—with its 193,000 members, since 1976. At the same time, he heads the 300,000-strong General Committee of Government Personnel—ACOP—of which ABVA and five other unions are members. Dutman's ABVA, and most of the other ACOP unions, are in turn affiliated to the largest and most militant of the two big Dutch union federations, the FNV.

After four years of secondary education, Dutman went to work for Zwolle town council for 14 years. For most of that time he carried out unpaid administrative work for the union he now heads, moving to The Hague in 1949 as a salaried official. He became a member of the executive committee in 1959 and was elected chairman three years ago.

His activities have brought him not only into conflict with the employers but also with the other unions representing the public sector. Dutman wants the union panel which negotiates with the employers to reflect the strength of the member unions. At the moment the Central Organisation of Senior Public Servants, with 30,000 members, has the same number of representatives as the much larger ABVA.

Here, too, Dutman is intent on changing the established pattern which, he feels, no longer best serves his members.

Dr. Christoph van der Klaauw

GIVING A neat twist to the truism that the Netherlands is a small country, the Dutch are fond of saying that they really need more than one Foreign Minister since their "abroad" is so large.

Two recent holders of that office, Jozeph Luns and Max van der Stoel, both in their own way responded to this challenge. Luns did it with his vigorous support of campaigns such as that for British entry to the EEC, Van der Stoel with the espousal of moral issues such as human rights.

The style of the present Foreign Minister, Dr. Christoph van der Klaauw, could not be in greater contrast. A career diplomat without political experience until his appointment to his present post, he represents a Government bent on taking a quieter, more pragmatic approach to foreign affairs than some of its recent predecessors.

While the fundamentals of Dutch foreign policy of the past three decades are being maintained under Van der Klaauw—support for an integrated European community, for a strong NATO and concern for the welfare of the third world—the style is more restrained. The warning finger will be wagged a little less often and a little less vigorously at a world which does not live up to Dutch expectations of it.

Born in Leiden in 1924, Van der Klaauw took the classics option at the local "gymnasium" before studying history at his home town's famous university. The doctorate he gained in 1953 was for a dissertation entitled "Political relations between the Netherlands and Belgium, 1919-1939." He became a member of the Liberals—though he puts himself on the left of the party—which forms the right wing of the Dutch political spectrum.

He entered the foreign service in 1952 and moved up the diplomatic ladder with appointments in Budapest, Oslo and Rio de Janeiro. His postings to various embassies were interspersed with attachments to departments dealing with the affairs of NATO, the North Atlantic Council and the Organisation for European Economic Co-operation.

Between 1970-1974 he was the Netherlands' deputy permanent representative at the United Nations in New York. After his appointment as ambassador in 1977, he became permanent representative at the UN and at other international organisations in Geneva. Later that same year he was appointed director general for European co-operation at the ministry.

Van der Klaauw is conscious that the goals he has set himself will not put him into the headlines, in the same way as his predecessors, though this does not make his aims any less important. He is working with the Economics Ministry to improve the contribution of the diplomatic service to the country's export drive. He also wants to open the service to businessmen who could take a five-year secondment to give the diplomats the benefit of their experience.

This does not mean issues such as human rights will be neglected—they were discussed on Van der Klaauw's recent visit to South Korea—but they will not form the major issue in any discussions.

He is also working on a reorganisation of the ministry to increase its efficiency. A move from the 23 buildings it occupies (scattered throughout The Hague) to a new purpose-built ministry will certainly help.

Van der Klaauw decided at an early stage that the stormy relations which existed between his predecessor and the Minister for Overseas Development must not be continued under his ministership. Twice weekly staff meetings of the two departments are held and Van der Klaauw and the Development Minister, Jan de Koning, have taken adjoining offices in the ministry.

The lack of a political background has shown up in Van der Klaauw's appearances in the Lower House of Parliament. He is not a strong speaker and the rough and tumble of political debate appear to leave him winded. This undoubtedly is a serious weakness, in a country where parliament and public take a close interest in foreign affairs. But Van der Klaauw's diplomatic background stands him in good stead in his efforts to put across the message that Dutch foreign policy has entered a calmer, less dramatic phase.

Van der Klaauw

Zijlstra

Dr. Jelle Zijlstra

FOR Dr. Jelle Zijlstra the presidency of the Dutch Central Bank is only one stage in a career which has also embraced the academic world and politics. Nor does the 61-year-old Dr. Zijlstra take a narrowly national view of his responsibilities. He is also chairman of the managing board of the Bank for International Settlements in Basle and a governor of the IMF.

As the problems facing the Dutch economy mount, his position as defender of the value of the guilder has made him the focus of increased attention. Aware of his ambiguous position as an independent authority, working within the broad policies formulated by the finance ministry, his public warnings to the Government have been cautiously worded if unmistakable in intent.

Dr. Zijlstra rations his public utterances, but when he does speak, his views are accorded great respect—by ministers and bankers. He weighs his words very carefully to achieve the desired nuance and effect. This, and his academic background, suggest a touch of the pedant. In fact the result is a clarity of expression leavened with a dry humour.

Despite the tough controls over the Dutch banks, which he once referred to as "my banks," bankers praise the flexibility of the Central Bank and its appreciation that a quick decision is often called for while the bureaucratic detail can be sorted out later.

Born in the Friesian village of Oosterbierum, Jelle Zijlstra was one of five children from a farming family.

After completing his studies, he decided on an academic career, but between two periods of professorships at the Free University of Amsterdam he spent seven years as economics minister and four as finance minister. Before taking up his appointment as president of the Nederlandsche Bank in May, 1967, he was called on to form an interim cabinet in which he acted as prime minister, minister of general affairs and finance minister all at the same time. After remaining in power for just over four months he took over the post he has now held for 12 years.

Pieter Lakeman

...ST over three years of ...paigning for higher stan...rds of company accounting, ...eter Lakeman has taken on ...ne of the largest companies ...the Netherlands. He has not ...de himself popular with ...nance directors or accountants ...t he commands a great deal ...respect.

...akeman, a 37-year-old econo...t, set up his Foundation for ...Investigation of Business ...ormation—SOBI in Dutch for ...ort—in April, 1976. His aim ...to force managements to be ...osolutely open about their ...ancial affairs so that share...lders, works councils, the ...ions, creditors and custo...ers can form a sound judg...nt of the company.

...urely this is covered by the ...tch company's act which ...tes from 1971? Lakeman ...nks not. He believes that not ...y was the legislation which ...drawn up deliberately ...erous in allowing companies ..."improve" the look of their ...ures, but also that it has not ...t up with modern develop...nts.

...urely then the business ...mber attached to the ...terdam district court would ...that the law was not ...hed? Until Lakeman came ...no shareholders' group ...been very keen to fight a ...through the court. In fact ...ourt's judges had little to ...until Lakeman began his ...an campaign.

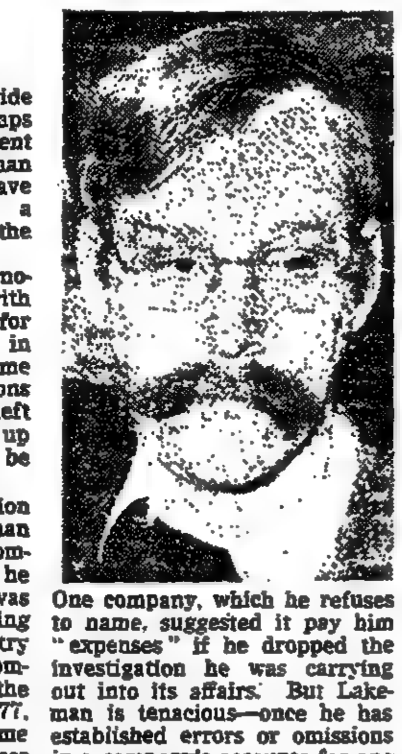
...works from one room, ...serves as an office and ...quarters, on one of ...erdam's picturesque canals. ...man has opted for a ...n existence until, he ..., the fees earned on carry...out investigations for ...s, or shareholders, produce enough revenue to provide a reasonable living and perhaps a bigger staff. At the moment SOBI is practically a one-man business, though he does have a part-time secretary and a lawyer friend to handle the legal side.

After qualifying as an econometrist — economics with statistics—he went to work for a large shipping group in Rotterdam, where he became head of their small operations research department. He left after three years to set up SOBI, feeling that it would be more satisfying, more useful.

Using published information and his own sources Lakeman has challenged some large companies and most of the time he has won. The beginning was not auspicious however. Acting on behalf of the food industry unions SOBI challenged Homburg, a subsidiary of the J. Lyons group, in April 1977, and lost. His first success came a month later when the business chamber quashed the accounts of the foundry and metal products company Vulcaansoord and ordered the board to prepare a new set.

Since then he has taken on, in quick succession, the food group KSH which has since gone into liquidation, and the transport trading and property concern Pakhoed. He won both cases and is now challenging the cruise and tourism company Holland Amerika Lijn and the paper manufacturer Van Gelder. In June he began an action against two much larger companies, the steel maker Estel and the construction and trading group Ogem.

Lakeman's single-minded campaign has shaken up the Dutch business and accounting world.



One company, which he refuses to name, suggested it pay him "expenses" if he dropped the investigation he was carrying out into its affairs. But Lakeman is tenacious—once he has established errors or omissions in a company's accounts for one year he will often come back to challenge subsequent accounts.

His activities have caused severe embarrassment to a number of Dutch accounting firms who have seen accounts which they have audited found wanting by the business court. Lakeman says his aim is not to make life difficult for the accountants but for the company boards which try to "beautify" their results.

He feels he is establishing a body of law which will enable accountants to stand up to unscrupulous companies. This is already happening and accountants are telling companies that certain practices could land them in court, facing a SOBI challenge.

New plans to aid selected areas

THE REGIONS

CHARLES BATCHELOR

THE NETHERLANDS would not, at first sight, appear to be in obvious need of regional policies. It is a compact country of 14m inhabitants with a standard of living among the highest in the world.

This prosperity in fact leads to an accentuation of the regional differences, however small they may appear by international comparison. And while the traveller through the Netherlands finds it difficult to escape anywhere from the presence of his fellow-man, the lightly populated eastern provinces do offer a sharp contrast with the crowded "randstad" of the west.

Unemployment was the highest, at 8.8 per cent of the working population, in the south-easternmost province of Limburg in September, 1979. The region has been unable to attract sufficient jobs to replace the 45,000 lost by the closure of its coal mines between 1965-75.

Groningen, in the north-east, which suffers from its distance from the main centres of business activity and its largely agricultural economy, followed with 7.7 per cent joblessness. The five per cent national unemployment average was also exceeded by Friesland, Drenthe and North Brabant. In Utrecht province unemployment was only three per cent.

Regional policies developed naturally out of general industrial strategy during the 1950s as it became clear that some parts of the country were not doing as well as others. By means of premiums for companies in the regions and a programme of improving the infrastructure, by developing roads and factory sites, the further relative decline of the regions which threatened was averted.

The billions of guilders which went into building dams, roads and bridges in Zeeland after the disastrous floods of 1953 removed that province from the general regional support programme. However, the decision to shut the loss-making coal mines of South Limburg, unavoidable though it was, meant a region which had previously had a healthy economy has become a major source of concern.

Problems

The shock of the sharp oil price rises of 1973-74 once again accentuated the problems of the regions. The general economic stagnation which has followed and the decline in the number of jobs provided by industry has led to a re-evaluation of the government's policies.

Greater importance is now being accorded to the services sector—banks, insurance and transport—and to the so-called fourth sector—Government—in regional policies. Premiums are now given to encourage the services sector to set up in the regions but the attraction of the west of the Netherlands is so strong that this has had little success. It has therefore been decided to set up a commission to study the process of decision-making in this sector, said Mr. Sybren Miedema, director general of regional policy at the economics ministry.

The dispersal of government departments to the regions started off as an attempt to relieve pressure on The Hague, but it was soon seen as a useful stimulus for the regions. Despite the initial reluctance of the civil servants involved, some departments have made a successful move and a further 5,500 government jobs have been promised for the north and south east of the Netherlands over the next five years.

The Central Statistics Office (CBS) moved some of its operations to Heerlen in South Limburg. More than half of the expansion of the CBS now planned will take place there and not in The Hague. The removal of the Post Office is proving more difficult and has made the planners wary of trying to prise away well-established departments with good organisational reasons for being in The Hague. The emphasis is therefore now on setting up new departments in the regions.

Studies have shown that civil servants who make the move enjoy the better quality of life in the uncrowded east while department heads can more easily find staff. The regions benefit from guaranteed jobs which will not be scrapped during a recession, which is often the case with industry. Many of the jobs moved are high quality white collar appointments. Government services are expanding and so provide the

CONTINUED ON NEXT PAGE

Hard-hit sector is now more hopeful

SHIPBUILDING

MICHAEL VAN OS

RELATIVE PEACE has returned to the Dutch shipbuilding sector. All major reorganisation programmes have now been announced and are being implemented *at full speed*. The trade unions have been co-operative so far, and no major strike action has occurred to thwart the plans. personnel reduction has largely been achieved through natural wastage and there have been no major redundancies.

The *reorganisation* will, in practice, mean that the total number of employees will be cut by an average of 30 per cent. Actual shipbuilding capacity is being cut more substantially. The percentage at companies building large-size ships is higher, elsewhere the figure will be lower. However, *discussions* on cutting capacity in the former sector have not yet been concluded.

As with similar schemes in Western Europe, the aim of the Dutch reorganisation programme is to stimulate the sectors that are considered to have a reasonable future, and to cut other sectors drastically where the outlook is particularly grim. What capacity remains in *the 1980s*, in terms of shipbuilding capacity, should be modern and competitive.

Cebosine, the Netherlands Association of Shipbuilders, said in September that it was not too optimistic about the prospects. It felt that the far-reaching State aid measures have not quite had the desired effect so that the maintenance of a reduced and restricted shipbuilding sector is assured for *the future*.

Facilities

"Given a *continued* bad market situation, shipowners should be offered attractive financing facilities on top of the existing aid measures. As long as no binding agreements have been made on this on an international scale, the level of national aid measures will be one of the most important factors in the struggle for the scarce orders," said an association spokesman.

Cebosine stated that as far as the current reorganisation was concerned, the Netherlands has started earlier than most other countries, who are often still at the beginning of this laborious and painful process.

Just how hard Dutch shipbuilding has been hit is shown by the decline in the overall order book value of the industry over the past few years. The estimated value of orders still *in hand totalled Fl 1.8bn* at the end of 1978, compared with Fl 2.4bn at the end of 1977 and Fl 2.6bn at the end of 1976. The Dutch share in world tonnage delivered amounted to 1.4, 1.7 and 1.8 per cent, respectively. More recent figures show that in terms of gross registered tonnage, the tonnage still in portfolio at June 30, 1979 amounted to 265,542 grt

Figures from Lloyds Register *of Shipping* showed that as at June 30, 69 ships were under construction. This represented a tonnage of 166,641 grt, which was down 44,562 grt from the position three months earlier.

According to the annual statistics supplied by Cebosine, the total turnover generated by the Dutch shipbuilding sector declined to Fl 4.2bn in 1978, from nearly Fl 5bn in 1977 and *Fl 5.2bn in 1976. The share* accounted for by exports dropped to Fl 1.6bn, from Fl 2.4bn and Fl 3bn, respectively.

The impact of capacity reduction and the lack of orders is also very evident. The number of people employed in shipbuilding has declined to 39,300 *in 1978, from 43,100 in 1977* and 46,500 in 1976. Only 4.1 per cent of Dutch industrial workers are still employed in shipbuilding.

The Economics Ministry acknowledged in its Budget Memorandum for 1980, published in September, that the many hundreds of millions of guilders injected as part of the policy plan into the shipbuilding sector, in the period 1977 to 1980, would not be sufficient. *It also stated that its policy of* loss participation had not provided the desired impact on orders received as a result of the long duration of the crisis. Economics Minister Gijs van Aardenne announced he would ask the Policy Committee whether it is necessary to amend the plan in the light of the changing circumstances and to study whether more general aid measures would be more effective.

The ministry said that the earlier approved restructuring programme had proven to be "too optimistic." He referred to two of the five groups of yards. The problems were hitting hardest the yards where the largest ships were constructed.

Yards where dredging equipment was being constructed, more severe capacity cutbacks would be needed, Mr. Van *Aardenne stated. He added that* there was another reason for the current gloom. The initially sizeable impact on the order flow of the so-called Maritime Plan, governing the years 1976 and 1978, had virtually disappeared. It had appeared that the investment stimulants laid down in the new investment account law (WIR) had not been of the same magnitude for the shipowners as the Maritime *Plan*.

One of the reasons for this was that WIR-premiums did not apply to the construction of ships that would be chartered long-term to operators who do not pay tax in the Netherlands. The minister said this issue was subject of interdepartmental discussions.

Acknowledging this problem, the Cebosine said of that the previous scheme has been fairly *successful in achieving* fleet modernisation. The aid to owners under the Maritime Plan amounted to an annual investment premium of 4.75 per cent over the invested value, spanning five years. It said that the scheme had resulted in a "reasonable" number of orders for Dutch shipyards, particularly those constructing smaller merchant vessels.

Fleet investments had been running at Fl 1bn a year. But, the organisation added, for the coming years the need to modernise the smaller ships in the Dutch fleet would scarcely arise. The Royal Shipowners' Association (KNVR) noted, in its annual report, that the fact that 16 ships were not constructed in the Netherlands during the period the Maritime plan was in force was attributable, for example, to better delivery dates or financial conditions offered abroad.

Competition

The Netherlands Credit institution for the shipping sector, said, that in all, 182 ships mainly smaller types, *were built in the* period January 1976 to June 1978, when the Maritime Plan was in force. At the end of last year, *60 per cent of the fleet* of smaller ships, totalling about 700,000 tons dw, was less than six years old. In 1978 alone, 57 largely new ships were added to this fleet, whereas mainly smaller and older vessels were disposed off. The KNVR noted, however, that the average age of the Dutch merchant fleet had improved the last few years, but, at 10 years, was still "well below" that of competing European *countries*.

Though welcoming the fleet modernising possibilities offered, the Netherlands' largest shipping group, Royal Nedlloyd in Rotterdam, said in its annual report, without mentioning the Netherlands specifically, that it was not undividedly happy with the ship-building support schemes operated in "several countries." The company said it feared that capacity for building new ships was being maintained artificially as doubtful orders from a marketing point of view were being placed.

"Obviously, problems at some yards are being solved, but over-capacity in the shipping sector is bound to continue as a result," Nedlloyd said.

As for the drastic reorganisation of major Dutch shipbuilding companies, no companies were left unscathed. IHC, the specialised shipbuilding company, saw its offshore construction activties being slashed and is pinning its hope on an upturn in the *pruned dredging* sector and other specialised activities. Gusto was closed and the Verschuere yard in Amsterdam, where resistance to its closure is still continued, faces the same fate.

The quoted shipbuilding company Van der Giessen-de Noord, where small- to medium-sized ships are built, has also been curtailed, but the longer-term future for its products looks somewhat better. The yard is to be modernised with State assistance, and the Government has also taken a majority interest *in the company*, in which the large RSV group already had a stake.

Van der Giessen is still heavily in loss, however, with the first half loss amounting to Fl22.2m, compared with a loss of Fl8.9m in the same period of 1978. The loss for the *full year is not expected to differ much* from the half-year figure.

By far the most drastic reorganisation has taken place at Rijn-Schelde-Verolme (RSV), the shipbuilding and engineering group. It has hived off its capacity for building large ships and large offshore installations to be operated at reduced capacity under the State's responsibility. After a series of mergers in the Dutch shipbuilding and *engineering* sector which started in 1965, RSV emerged in its current form in 1971. Whereas it had made a profit of Fl65m in 1974, the ferocious impact of the depression in the shipping market became obvious in 1976. In the years 1976 to 1978, the loss has totalled *Fl144m*.

The problems have worsened because of an unprecented slump in the ship repairs sector. As a result of the massive financial injections, the State has acquired a 40 per cent interest in RSV.

Just how necessary the various aid schemes were becoming was summed up by Economics Minister van Aardenne in a letter to Parliament on March 21, this year. As *a result of the negative development* in the world shipping sector, not only RSV shipyards were in difficulty, but also its "*other*, largely profitable operations were being threatened." And on June 1, announcing additional aid measures the Minister noted that RSV results *in 1978* had only remained at the calculated loss level as a result of the "artificial move" of selling off housing estates it owned.

The second batch of aid measures announced by the government, totalling Fl195m *would be granted on condition* that a management consultancy would review general efficiency within the group and the management structure. Following the proposals, it was announced in September that RSV will become strongly decentralised and seven largely autonomous units are being created.

In the letter of June 1, van Aardenne said he had been informed by the Shipbuilding Policy Committee that the prospects for the construction of new large ships had been "very gloomy." He said that the rock-*bottom* level in this market, where RSV had been exposed more deeply than any other company, would only be reached in 1981—"profitability could only be expected around 1985," he added.

Selected areas

CONTINUED FROM PREVIOUS PAGE

promise of a steady growth of employment in the years ahead.

Businesses expanding, or setting up, in the development areas in the north and south-east can make use of a range of regional incentives. Despite this variety the economics ministry says that companies have no difficulty in finding out what aid is available and what is best suited to their needs.

● The longest-running element in the system of incentives is the Regional Investment Grant (IPR) which is available for investment by industry or the services sector in the nor*thern provinces*, in the south of Limburg and in individual towns elsewhere such as Tilburg and Bergen op Zoom. Companies receive a grant of 15 or 25 per cent depending on the area to which they are moving for investment in ground, buildings and machinery.

Businessmen investing in areas covered by the 25 per cent grant, as in southern Limburg, may choose to receive a lower basic premium of 15 per cent, plus Fl12,500 ($6,250) for every permanent job created. However, the "mixed" premium has not proved popular because it takes *longer to* establish that permanent jobs have been created.

The cost to the Government of the IPR scheme is about Fl1.250m ($125m) a year but an increase of Fl 1.75m has been budgeted for 1980.

● The Investment Account Legislation (WIR), which took effect in May, 1978, is a more general instrument of investment policy but it does contain elements important for the regions. It provides aid for companies relocating out of the crowded west of the country and special regional supplements to encourage investment in areas with particular social and economic problems.

Parts of the provinces of Limburg, Groningen, Overijssel, Drenthe and Friesland qualify as areas with significant problems and premiums of 30 per cent are available *on business buildings* and 10 per cent on fixed outdoor installations — which covers anything from a static crane to an oil refinery.

Since the WIR facility has only recently been introduced its effectiveness has still to be assessed but, on the basis of orders placed, assistance of Fl 75m in 1978 and Fl 145m in *1979 has been budgeted for*.

Levy

● To discourage a further concentration of industry and employment in the most prosperous part of the country a levy, established under the Selective Investment Regulations (SIR), is applied to invest*ment in the western and central* part of the Netherlands. A rate of 13 per cent is now proposed on new business buildings while an eight per cent levy has been set on fixed outdoor installations.

The SIR area covers large parts of the provinces of North and South Holland and Gelderland as well as all of Utrecht.

Under the Government's new Sectoral Policy, which was announced in September, funds will be allocated to sectors of industry rather than to individual companies to support the process of renewal and modernisation. To soften the impact of this change of direction, job-support grants will be given in areas of high unemployment. These grants will decline, from *Fl 110m ($55m) in 1980* to Fl 30m in 1983, as the sectoral policy takes effect. But in the meantime they will provide an additional stimulus to regions with pockets of unemployment of 7 per cent and more.

The Government has published two policy notes focusing *on the problems of the northern* provinces and of South Limburg. While the problems of these areas are particularly acute and the recovery process will be slow the policy notes have focused attention on regional problems. They have also given the provincial and local authorities a voice in a dialogue with the Government to determine regional policies.

The Structure Plan for the North (ISP) aims to encourage the provision of 20,000 jobs. Similar job-creating schemes are proposed in a document entitled "Perspectives for South Limburg."

To allow businessmen to plan ahead the economics ministry sets regional policies for four-year periods, reviewing progress at the end of that time. It is now carrying out its regular internal assessment and expects to present its 1981-84 programme in September of next year.

The recent review of investment incentives left the regional element unchanged with the *exception of a small cut* in the "SIR" levy. However, the public spending curbs announced as part of the "Blueprint 81" programmes have led to a reduction of funds set aside for improvements to the infrastructure, developing industrial sites and the relocation of industry.

A number of regional development agencies have been set up to assist specific areas. The Northern Development Com*pany (NOM) is now* five years old and is now the most firmly established.

The NOM invested a total of Fl150m in 25 companies in the five years up to December 1978. Its area of operation covers Groningen, Friesland, Drenthe and parts of Overijssel. In some cases *it has* acquired full ownership of a company but it stresses that it is willing to reduce its stake if other partners can be found.

In the south east, the Limburg Institute for Development and Financing (LIOF) can offer a wide range of assistance, in the form of subordinated loans, equity participations and loan guarantees. The Overijssel Development Company (OOM) and the Gelderland *Development* Company (GOM) are also expanding their activities, though their scope is more limited than the NOM or the *LIOF*.

In Friesland and Drenthe regional aid has succeeded in reducing the gap between these provinces and the *prosperous* west of the Netherlands.

In Groningen and South Limburg the problems are proving more difficult to solve. Clearly, *these* regions are not being abandoned to their fate but the realisation is growing that private industry alone cannot provide the necessary jobs. The Netherlands' regional policies have been partly successful but there is still a long way to go.

GOVERNMENT SPENDING ON REGIONAL POLICY

(Fl m)

	1977	1978	1979	1980
Regional investment grant (IPR)	236	270	273	279
Special regional supplement (WIR)	—	75	145	155
Relocation grant (WIR)	7	20	10	10
Regional development company spending	79	86	not known	

Development company spending includes participations, loans and other financing.
Source: Economics Ministry.

هكذا من الأصل

A market with great potential

AEROSPACE

MICHAEL DONNE

FOR A relatively small country, the Netherlands has for many years had one of the most vigorous aerospace industries in Western Europe. This is largely built around the Royal Netherlands Aircraft Factories Fokker, which employs over 7,000 directly on the research, development and manufacture of civil and military aircraft and in space activities. But the industry also comprises some major research and other institutions such as the Netherlands Agency for Aerospace Programmes (a semi-government body), the National Aerospace Laboratory (a research institute), and the Aeronautical Engineering section of the Delft University of Technology.

Today the industry is effectively represented world-wide by Fokker (originally founded by Anthony Fokker 60 years ago), which has carved a major niche for itself in the short-to-medium range market for small airliners, both jet and turbo-prop, although military aircraft also figure substantially in the company's current work programme.

In 1969 Fokker joined forces with Vereinigte Flugtechnische Werke of West Germany, under the Zentralgesellschaft VFW-Fokker, in what was at that time the first truly trans-national aerospace collaborative group in Western Europe, with two basic operating companies, Fokker-VFW and VFW-Fokker.

But this association is now on the verge of being dissolved, with VFW itself likely to be amalgamated with the Messerschmitt-Bolkow-Blohm group in West Germany, and Fokker reverting to solely Dutch national status, although it will continue with the various international collaborative civil, military and space manufacturing programmes on which it is engaged.

Of these aircraft the most successful has been the twin-turbo-prop engined F-27 Friendship, which has been in continuous production for more than 20 years. During that time more than 700 of these Rolls-Royce Dart-powered aircraft have been built, including 205 built under licence in the U.S. by the Fairchild Industries group. The F-27 is thus already the best-selling turbo-prop airliner yet built, and interest in it remains so high that Fokker has decided to continue production of it during the 1980s.

The sister aircraft to the F-27 is the F-28 Fellowship, a 65-85 seat twin-engined jet airliner for short-to-medium hauls of which more than 150 have been sold world-wide. As with the F-27, many UK companies, including Rolls-Royce, are also involved in the supply of parts and equipment for the F-28.

Apart from its own civil programmes, Fokker participates in the European A-300 Airbus programme, with a 6.6 per cent stake, where it is responsible for production of all the moving parts on the wings. Fokker also contributes to the UK Short Brothers SD-330 Commuter airliner, producing the outer wings and struts.

On the military side Fokker is a member of the transatlantic multi-national consortium manufacturing the U.S. General Dynamics F-16 combat aircraft. Fokker is making 617 mid-fuselage sections and an equal number of wing-part sets for the F-16, and it has a final assembly line responsible for producing 174 F-16s for the Dutch and Norwegian air forces. Mid-fuselage sections and wing-part sets are also being delivered to F-16 assembly lines in Belgium and the U.S. The production rate of Dutch-assembled F-16s is three aircraft a month.

But for the future Fokker is concentrating its civil plans in two directions—participation in the development of the A-310 200-seater version of the European Airbus (in addition to its share of the A-300 programme) on which discussions with the Airbus Industrie consortium are still in progress, and development of its own F-29 twin-engined short-haul 115-130-seater new-technology airliner.

It is the latter which promises to be the major programme for Fokker during the 1980s. It has been estimated that up to end of this century there is likely to be a world market for upwards of 1,000 aircraft in this broad 100-130 seat category for new short-range jet airliners.

Demand

These will be needed to replace existing ageing aircraft, such as One-Elevens, Caravelles, early versions of the U.S. DC-9, Boeing 737 and Boeing 727, as well as to meet a newly emerging demand for quiet fuel-efficient short-haul air travel in countries where it has never before been available.

For some time past Fokker has been discussing its plans for the F-29 (originally known as the Super F-28) with airlines in many countries, and is now collating the views of nearly 30 different airlines so as to refine the design of the F-29 during the coming winter. The aim is to start engineering development some time in 1980, depending upon world market demand, with first deliveries to the airlines in 1985. The Dutch Government has in principle promised its full support for the development of the F-29, but Fokker has also been discussing the possibility of risk-sharing international collaboration on the aircraft with manufacturers in Western Europe, the U.S. and particularly Japan, where interest in the aircraft is very high.

At present the possibility of collaboration with the UK is remote—although not entirely ruled out—because of the commitment by British Aerospace on the BAe 146 four-engined feeder-liner, which is a competitor for the F-29's markets.

It is also possible that the European Airbus Industrie consortium itself could produce a rival design, under its so-called Joint European Transport (JET) programme. Although no specific projects in this field have yet emerged, the Airbus group recently set up a project office to collate the ideas of its member companies.

Whether the F-29 itself continues as a solely Dutch national venture or as an international collaborative venture with companies in the U.S. or in Japan, or whether it becomes part of some wider European short-haul jet transport programme under the umbrella of Airbus Industrie, remains to be seen. At present, Dutch Government and aerospace industry thinking appears to be based on keeping the F-29 as a separate airliner venture, although with some measure of international collaboration.

Certainly Fokker appears to have a substantial edge on the rest of the market, with the possible exception of Boeing which may emerge with a new variant of its 737 to ensure that it retains its currently dominant share of the short-haul market world-wide. Fokker is ahead of Airbus Industrie in its design plans, although there is still the question of competition from the BAe 146 (although that aircraft has not yet won orders).

The F-29 is also important to Rolls-Royce, for it is possible that the UK company's new RB-432 engine could be used to power the Dutch jet. But here too competition is formidable, with the Franco-U.S. (Snecma-General Electric) consortium, CFM International, pressing hard with the derated version of its CFM-56 engine.

Fokker is clearly pinning much hope for its long-term future in the world short-haul civil aircraft markets on the F-29. It is not going too far to suggest that this is probably the most vital project for the long-term success of the Dutch aircraft industry yet launched.

Thus the Dutch Government, and Fokker itself, will not surrender the currently advantageous position on the F-29 lightly; or see it submerged into a wider European programme without something substantial in return, such as a major share of any new European short-haul venture. The market is so great, and the rewards for any successful venture so high, that the Dutch industry is determined to get a substantial share of it through the 1980s and beyond.

Some signs of recovery

CHEMICALS

SIMON GESCHWINDT

ONCE DESCRIBED as the "locomotive" of Dutch industry, the chemicals sector started running out of steam four years ago. Signs are that it is picking up again and optimism—still cautious despite greatly improved results—is breaking through.

Results for the first half of 1979 appeared to reflect a remarkable recovery in the fortunes of many chemicals producers. But closer examination reveals that the improvement is rarely based upon real, long-term, strengthening of demand.

Akzo's first-half net profit climbed from Fl 15.8m in 1978 to Fl 101.6m in 1979. But Fl 32m was directly attributable to profits on stock in hand generated by recent big increases in the value of petro-chemical feedstocks. Value of stock had risen by a total Fl 114m, of which Fl 72m will be spread over trading results of the last two quarters.

The company forecasts a decline in profits during the second half of 1979. Stocks will have to be replaced at the sky-rocketing prices imposed since the time of the Iranian revolution; trading has been slack generally during the holiday period. It nevertheless proposes paying an interim dividend in November for the first time since May, 1975.

The DSM group's forecast of first-half losses of Fl 100-200m proved pleasantly inaccurate. Losses amounted to only Fl 35.6m "and the yearly loss will be considerably lower than expected." The group acknowledges that improved product prices were based upon a demand strengthened partly by customers' stockpiling in anticipation of further feedstock price increases, a trend that is representative throughout the Dutch petro-chemical industry.

Prices of chemical products, depressed by the effects of over-capacity, have shown a recovery this year, but not sufficient to offset the pressure on margins applied by feedstock price escalation. The industry's turnover increased to Fl 21,300m in 1978 from the 1977 figure of Fl 20,800m.

Investment

Investment in 1978 fell to Fl 1,912m from Fl 2,379m in 1977. Over-capacity is discouraging large-scale investment in the bulk chemicals sector, which is already over-represented in the Netherlands. Concentration is mainly on upgrading, energy-conservation, and environmental projects.

Exceptions include a multi-million guilder expansion programme by the U.S. company, Oxirane, and Akzo Zout Chemie's Fl 225m chlorine plant project. DSM and Shell are constructing plant for production of gasoline additives to meet the demand following introduction of anti-lead legislation in Europe.

Oxirane plans expansion into several areas of butane-based production, including an octane-boosting gasoline additive, and catalyst initiators. Production at Akzo's planned 250,000 tonnes a year chlorine plant in Rotterdam will be aimed principally at the home market, and for captive use as vinyl chloride feedstock.

DSM started up its new 450,000 tonnes a year ethylene plant in Limburg early this year. The Fl 700m project probably will be the last of its kind in the Netherlands until the revival of ethylene demand and absorption of over-capacity forecast for 1985. By that time the Dutch petrochemical industry will almost certainly have committed itself to increased utilisation of liquid petroleum gas (LPG) feedstock.

A report published this year by Rotterdam harbour board and local councils emphasises the urgent need to construct LPG terminal facilities in the Rhinemouth area. It concludes that flexibility of gaseous feedstock is essential to long-term competitiveness, and vital not only to the industry's growth, but even to its survival.

Europe's petrochemical industry forecast an increase in use of LPG from 1 per cent in 1975 to 5 per cent of total feedstock in 1982. The forecast for the Netherlands is 10 per cent in 1982 rising to 35 per cent in 1995. Shell and BP have already submitted a request for planning permission for a joint LPG terminal in Europoort.

The Dutch are attracted by brighter prospects in the fine chemicals sector. It has the advantages of high added value, a relatively low energy quota, and can compete on quality and innovation rather than price. But any change of direction will be very gradual.

At the May annual meeting of the Federation of Dutch Chemical Industries (VNCI) its chairman, Mr. E. W. ter Horst, pointed out the current disadvantages of operating in the Netherlands. He said that in addition to the high labour, energy, and environment costs, the adverse effect on export potential by the hard guilder measured against weaker currencies, and "the dangerous level of U.S. and East bloc imports," the Dutch chemical industry is currently threatened with further government involvement in product development and marketing. A government proposal to introduce a special system of licensing new chemical products—going far beyond EEC guidelines—threatens the competitiveness of Dutch producers on EEC markets.

Limited success has been won on the energy front. Hard lobbying by the VNCI and representatives of other energy-intensive industries for a more realistic energy policy at home achieved a vital cut in gas tariffs earlier this year. VNCI had claimed that the export position had been seriously undermined by high energy costs in the Netherlands.

The country's dependence on exports is illustrated by the fact that 87.5 per cent of the chemical industry's turnover—representing 17.2 per cent of all Dutch exports—is earned abroad.

Despite the tariff revision, and recently proposed increases in Dutch gas prices to users abroad, an inequity still exists between energy costs in the Netherlands and those in other EEC countries.

The industry has also been active in Brussels through the Federation of European Chemical Industries, CEFIC. Efforts to urge the EEC Commission to implement tighter control of politically priced Comecon imports, and to speed up anti-dumping procedures, are having some effect.

Labour remains a worrying aspect of production costs in the Netherlands. According to VNCI data, the cost per employee has risen to Fl 53,600 a year compared with the UK's Fl 23,600 a year. Hours of production per employee per year amount to 1,650 against 1,960 in the UK. Total labour costs in terms of production in the Netherlands are more than double those in the UK.

هكذا من الأصل

Big problems over dairy products

AGRICULTURE

MARGARET VAN HATTEM

THIS AUTUMN, as the EEC Commission grinds painfully into gear for yet another onslaught on the Community's extravagant and overproductive dairy sector, the Dutch are working busily behind the scenes to ensure that, once again, the cuts will not be unkind.

Overproduction of milk remains the Community's biggest single problem at the moment. Supporting the high milk price now swallows up 40 per cent of the EEC budget and the figure is rising. Each of the nine member governments recognises the problem and would like to see it solved—but not to the detriment of its own dairy farmers.

Nowhere is this more evident than in the Netherlands, where dairying is by far the most important agricultural sector, economically as well as politically. Although the Dutch send to their dairies only 12 per cent of total EEC milk deliveries (compared with around 25 per cent each in France and Germany and almost 17 per cent in Britain) dairy production accounts for more than 25 per cent of Dutch farm output, nearly 70 per cent of farmland, and 90,000 of the country's 170,000 farmers. Moreover, dairy output is heavily export-oriented — the Dutch produce more than four times as much butter as they need, three times as much whole milk powder and more than twice as much cheese.

Action

The Dutch Agriculture Minister, Mr. Alfons van der Stee, agrees with the British and Italian complaints that far too much EEC money is spent on milk. "They're quite reasonable," he says, "the situation is totally crazy."

But action speaks louder than words, and it is significant that when farm Ministers met last June to discuss Commission proposals for a heavy tax on milk production (the so-called co-responsibility levy) the Dutch Minister was among the opponents of the high tax envisaged and instrumental in getting it cut back so heavily as to be almost useless. Now, with milk production and support costs rising steadily, he shows little sign of readiness for more drastic action.

In theory, the simplest solution to the problem would be to cut the milk support price, thus reducing the cost of buying up surpluses and discouraging production. Even if farm Ministers refused to cut the milk price in money terms, a prolonged price freeze would probably do the trick. With average Community inflation at around 5 per cent or more, and milk output increasing (thanks to rising yields) at about 2 per cent a year, dairy farmers' real incomes would drop by an annual 3 per cent as long as prices were frozen.

After three or four years of this, a large number of small farmers would be forced out of dairying and probably off the land. This would probably have little impact in the Netherlands, where there are few small dairy farmers and where, according to Mr. van der Stee, most dairymen would still make a profit. "But everyone would complain," he says, "and with elections in one or another EEC country every year, it's just not possible." In any case, he adds, the vulnerable small farmers produce such a low proportion of the EEC's milk output that the social misery produced by such action would grossly outweigh any budgetary savings.

The solution the Dutch would prefer, and for which they are energetically lobbying the Commission and their EEC partners, involves gentle concurrent action on four fronts. First, instead of stockpiling large mountains of butter and skim milk powder and storing them at high cost for several years, the Commission should concentrate on selling off surpluses as quickly as possible, with subsidies of course. Next, the Community should maintain a "modest" price policy, raising the milk price by an annual 2 to 3 per cent. Thirdly, it should increase the co-responsibility levy from the current 0.5 per cent to between 5 and 10 per cent, to discourage production and raise revenue for disposal of dairy surpluses.

Among those who have lived with the milk problem for several years, these suggestions provoke little more than cynical amusement and even the Dutch concede that they would have a limited effect. However, their fourth suggestion, that farmers be paid to produce less, is a variation on an old farm council favourite and is winning more attention from other member States, if not from the Commission. The Dutch propose a payment to farmers for every litre by which they cut milk production, and a tax on every extra litre produced. If output continued to rise, the tax would provide revenue to help subsidise sales of the surplus; if it dropped, the money needed for payments would be offset by the drop in storage and intervention buying costs. This, says Mr. van der Stee, might not cut production but would probably stabilise it until consumption caught up.

Demand

Since consumption of dairy products is virtually stagnant and his scheme does not imply the cut in retail prices which might encourage consumers to buy more, the scheme would probably have to run indefinitely. But it would be politically attractive since it would barely touch farm incomes—something of a sacred cow in farm councils—and would not necessarily discriminate against farmers of a particular country or scale of production. Most previous Commission attempts to deal with the milk surplus have been thrown out on the grounds that they were discriminatory.

Given the fact that the increase in farm spending threatens to exhaust the Community purse by next year, the Dutch plan appears little more than a holding operation which could delay, but not avert, the coming financial crisis. It will certainly not bring the shift away from farm spending for which the British and Italians are pressing hard.

But, says Mr. van der Stee, the options are very limited. Turning farmers off the land would simply increase the need for funds in unemployment relief since there are few viable alternatives, in the Netherlands, at least, to dairying. Ten years ago half the country's farmland was devoted to livestock (mainly cows) and half to arable. Thanks to consistently high milk prices, cows now occupy two-thirds of farmland, but farmers cannot revert to growing sugar beet, the Community's other major surplus product. And in grain production, the Dutch cannot compete with the French, whose costs are much lower even if their yields are also.

One of the big problems facing Dutch agriculture is that it is, if anything, too scientific. Crop and milk yields are the highest in the Community; productivity in terms of gross value added is the highest and fastest growing in the EEC. But to achieve this the Dutch have to maintain the highest level of investment in terms of labour, machinery and compound feeds for livestock and fertilisers. Should the Community cut back support for its farmers, other member States may be able to soften the blow by stepping up investment and increasing productivity. The Dutch are fast approaching the level where higher investment brings limited returns.

Dutch agriculture is concentrated in those sectors receiving the highest level of EEC support: dairy production accounts for 26.4 per cent of total farm output; pigmeat for 18.4 per cent, beef and veal 12 per cent; fruit and vegetables 11 per cent. These sectors receive almost twice as much support as all other products put together. It is a pertinent question whether the Dutch, the only net exporters of farm products in the EEC, ought to have such a large farm sector (8.6 per cent of the EEC total output on about 2 per cent of Community farmland) in view of the high level of subsidies needed to keep it in business.

It is one bound to be raised with increasing frequency by the country's lower cost competitors both within the Community, such as Britain and France, and outside it, such as New Zealand. But the Dutch are old hands at Community politics and do not make many demands on their EEC partners. So although farm support is driving the Community briskly to the brink of bankruptcy, it seems likely that the Nine will continue to scrape up enough to keep Dutch farmers, and the politicians they elect, securely in place.

A key component of the economy

THE FOOD INDUSTRY

JEFFREY BROWN

FOOD COMPANIES are a basic and deep-rooted component of the Dutch economy. They account for around one quarter of the country's manufacturing turnover and are major providers of foreign exchange. Around a third of food production is exported, with the industry accounting for close on 15 per cent of total Dutch exports.

In the eyes of many people the industry centres on one company, Unilever. This is understandable, given the sheer size of the Anglo-Dutch group. It is one of the top dozen companies in the world in terms of sales, just about the biggest consumer goods company and, as a result, holds considerable sway over many markets. But it does not wholly dominate the foods business.

Unilever has plenty of competition at home. Wessanen, which in recent years has grown rapidly through acquisitions operates in many similar product areas

In liquor markets Heineken and Bols are household names: Meneba is the major flour miller: and the sugar trade is divided almost exclusively between Suiker Unie and CSM. In primary production there is a whole string of so-called co-operatives which are large companies by any standards

The agricultural co-operatives tend to concentrate on dairy products and mixed foods. Cebeco is the largest, with sales last year totalling some Fl 4.4bn, or just over 10 per cent of total 1978 sales at Unilever. Other large co-operatives include NCZ and DMV. Their sales last year were Fl 2.2bn and Fl 2.1bn respectively.

Wessanen's operations form six divisions, ranging from consumer foods to animal feeds. The former include meat, flour, dairy products (mostly milk, butter and cheese) and cocoa and oil. This year the company put together a substantial U.S. expansion programme with the purchase for some $25m of two dairy product companies in the state of Minnesota.

These and other acquisitions have provided Wessanen with a growth sales record, but earnings in recent years have been less impressive. After what it described as a disappointing second quarter, Wessanen has projected a fall in profits for 1979. Its earnings reached a peak of Fl 20 a share in 1973 but fell just short of Fl 14 last year.

The company has had problems in cocoa and oil trading and, at home, with animal feeds prices. Retail sales in Holland, which have been tailing-off sharply this year, has also hampered earnings progress.

Dutch retail sales rose at an annual rate of between 6 per cent and 8 per cent in the five years to 1978, but growth has slowed to 3 per cent during the opening seven months of 1979. Slowing consumer demand is also a global problem. Unilever expected sales volume to rise by 3 per cent over 1979. It achieved its growth target comfortably in the first quarter, but only just scraped home in the second three months to June.

Sales

The bulk of Unilever's sales, which totalled Fl 41.5bn in 1978, arise within EEC countries. Last year the percentage was 67 per cent while the Common Market contributed 61 per cent of profits before tax and accounted for 63 per cent of capital employed. Foods dominate the product mix accounting for almost half of profits in 1978, excluding the contribution from the food operations of UAC International, Unilever's African operation.

By far the largest of the food divisions is edible oil, fats and dairy products which include the company's massive margarine business. Unilever controls the bulk of the European margarine market with brands such as Stork, Blue Band and Summer County in the UK and Rama in West Germany. Rama is claimed to be the biggest-selling margarine brand in the world.

In frozen foods and ice cream, Unilever's major brands are Bird's Eye and Walls in the UK, interests in processed pigmeat foods take in a variety of canned vegetables and packet soups, as well as the Lipton label in the U.S.

In America the company dominates the tea market and is heavily involved in packaged grocery products.

Meat production is concentrated in the UK and Holland, and recent trading history in this field has been troubled. The division comprises Unilever's interests in processed pigmeants under the names of Walls, Unox and Zwanenberg. The small MacMarkets supermarket chain in the UK was sold this year to BAT Industries for £25m.

Companies within the group are spread across some 75 countries, employing a workforce of 300,000. There are extensive operations in Africa where Unilever's subsidiary UAC International operates breweries as well as a large foods business.

Price controls and a shortage of raw materials last year led to production problems in beer in Ghana, but Unilever was able to increase output from the breweries in Tchad and Nigeria. In foods, the company is extending production in Nigeria among its snack foods and ice cream lines which it describes as a developing market.

In Holland the number of independent companies in the drinks business has contracted sharply in recent years. The largest is Heineken with more than 50 per cent of the domestic beer market and a large export trade. It sells in 170 countries among them the U.S. where a 40 per cent share of the market in imported beer has been built up.

Beers sales last year showed a useful expansion in Africa and Asia while in the U.S. turnover gains extended to a full 30 per cent. At the profits level, however, currency problems are working against Heineken. Net profits for the first nine months of 1979 were just 2 per cent ahead at Fl 80.6m with the company stressing the damaging impact of currency fluctuations. Sales in Holland rose slightly.

Success

Douwe Egbert, the old established tea, coffee and tobacco house, came close to doubling net profits in 1978, thanks to favourable commodity prices and a sharp rise in sales which rose by around a fifth in volume terms. Well over one-third of turnover arises outside Holland. Insurance group Nationale Nederlanden recently took a small equity stake in Douwe Egbert, but the control of the company lies largely with Consolidated Foods of Chicago.

In general, foreign ownership of Dutch food companies is modest, although one or two specific areas have experienced substantial penetration, notably the traditional coffee and tobacco houses. Consolidated Foods took its shareholding in Douwe Egbert following a split among members of the founding family. The U.S. company controls 65 per cent of the equity but only 26 per cent of the voting rights.

Standard Brands of the U.S. acquired the Van Nelle group of Rotterdam last year while American Brands took control of the Niemeyer group six years ago. More recently, the Dutch animal feeds sector has been under siege. British Petroleum has acquired one of the country's major feeds businesses, Hendrichs.

More expansion abroad

PUBLISHING

LORNE BARLING

THE DUTCH publishing industry, firmly based on steady growth achieved in recent years, is now expanding in new directions to escape the limitations of the Dutch language and the relatively small population in the domestic market.

The recent merger between two major publishing companies, Elseviers and Nederlands Dagbladunie (NDU) has created a group which is large enough to undertake this kind of expansion abroad while retaining an unassailable position at home.

Although there were early fears of some rationalisation and loss of jobs after the merger, the two companies had largely complementary interests and their operations appear to have dovetailed successfully.

In general, the Dutch publishing industry is widely diversified from newspaper and magazine companies to scientific journals and books, with subsidiaries publishing in West Germany, Belgium and other European countries. There have also been recent acquisitions in the electronic information field, which is now growing fast.

Newspaper publishing has recently recovered from a period of poor profitability, mainly as a result of strong growth of advertising volume and improved readership. Similarly, magazine sales and advertising have been buoyant.

Specialist magazines have also shown healthy improvement in sales, and this is expected to continue in line with the need for trade and other magazines which deal authoritatively with single topics, although the limitations of the Dutch language market are particularly evident here.

The general books market has been through a bad period, with sales stagnating for some years, and this is attributed largely to a switch from books to magazines and there is little sign of this shift in the consumer pattern changing.

It is against this background that Elseviers and NDU merged, causing a considerable stir in the publishing world, already dominated by a few large companies. It created the first fully-integrated publishing group, with book, newspaper and magazine interests. Other groups have tended to concentrate on only some of these activities.

At the time of the merger it was estimated that annual sales of the group would exceed Fl 1bn (around £250m). The present year will be the Elseviers-NDU combine's first financial year, and although its first six months' net profit growth of 8 per cent was disappointing, growth of around 10 per cent is expected for the year as a whole.

Now equipped with a strong financial base and the ability to compete with the major international publishers, the group's primary aim is to break into the lucrative North American market, particularly in the publication of magazines.

According to a recent report by the Amsterdam-Rotterdam Bank, the group also regards the acquisition of a foothold in the North American market to be important for product innovation, which is strongest in the market in question. A company spokesman said that it was particularly interested in the developing electronic information systems which it believed to be important in the future for publishing companies.

According to Amro, the group's newspaper and printing divisions each contribute 22 per cent of sales, followed by 17 per cent from the periodicals division and 6 per cent from the retailing division, which includes a number of bookshops and a mail order house. A further 16 per cent of sales came from scientific publications.

Amro Bank suggests that future growth can be achieved through the company's own resources, although considerable expansion through acquisition, which is planned in the U.S., may require an increase in equity capital. At present around 70 per cent of the group's sales are in the Dutch market, much of the remainder in Belgium and West Germany, where the periodicals division has a number of operating companies.

The America division started operating as a separate entity at the beginning of this year and is expected to contribute soon to a shift in the balance of international business.

The Elseviers-NDU group has, through its merger, is now roughly on a par with Holland's previously largest publishing group, Verenigde Nederlandse Uitgeversbedrijven (VNU), which has also increased in recent years, reducing the risk it faces from cyclical changes in certain sectors of the industry.

Although the group's publishing activities are mainly in the Dutch language area; nearly 20 per cent of its revenue comes from abroad, although mainly from the Dutch-speaking part of Belgium.

As a result VNU is suffering from the same problem as other companies, the limitations of the Dutch population. It holds a a high market share in its range of activities which makes substantial expansion of its markets impossible, and to ensure longer term growth it is also looking abroad to expand, with particular attention focused on the English language area.

Around 60 per cent of the VNU group's turnover is derived from newspaper and magazine publishing. The magazine group produces a range of family, women's and juvenile magazines with strong market positions in the Netherlands and Belgium. It also publishes the weekly, De Tijd, and has recently started the lively news magazine, Nieuwsnet, which is looking promising as an unusually independent-minded publication.

VNU's newspaper group has four regional dailies with strong market positions, and profitability is high, but the books group which contributes around 11 per cent of turnover has been through a bad patch. However, a re-organisation of this group, which publishes mainly reference works, has led to some improvement.

The earnings of VNU have been particularly good recently, with figures for 1978 showing net profits reaching the targeted 13 per cent of equity. But the performance this year is expected to be less spectacular, and more in line with the company's planned 11 per cent increase in average annual earnings. In the first half of this year earnings were up 11 per cent and turnover 8 per cent.

Another notable company in the Dutch publishing industry is Kluwer, which draws its strength from an even spread of activities across a number of sectors, and enjoys a strong position in the publication of educational, professional and scientific material. About 80 per cent of its activities are in the Netherlands and although it, too, is looking abroad, its options are somewhat limited by its size.

Overall, the Dutch publishing industry is likely to enjoy a period of continued though, perhaps, unspectacular growth, depending on what success its companies can achieve abroad, and indeed on the support which it receives from advertisers over the coming year or so.

Although advertising remains buoyant, the prospect of a recession in Europe and the United States is causing nervousness. As always, advertising budgets are likely to be early candidates for cuts if companies in the Netherlands are faced with liquidity problems.

The other problems—common, of course, to all countries—are rising production, paper, transport and labour costs, which have had to be passed on to the consumer, so far without any serious effect on buying patterns.

Should the worst happen, however, the limitations of the Dutch market could turn out to be advantageous, since most companies rely on a steady and regular readership which can be counted on to remain faithful.

At a time of considerable nervousness about international energy costs and probable recession in the United States, plans for expansion into that market will certainly be looked at with considerable caution.

Pressure on hauliers

ROAD TRANSPORT

CHARLES BATCHELOR

DUTCH COMPANIES account for around 35 per cent of the European Community's road transport. Holland's favourable geographical situation—which has contributed to the development of Rotterdam into the largest port in the world—and the good road connections with neighbouring countries, have made road haulage a major industry, directly employing more than 80,000 people.

However, the industry's traditionally strong position in Europe is under increasing pressure. While Dutch hauliers maintain they can still offer a high quality service, they are now not as far ahead of even the East European companies as they used to be.

"Countries such as Czechoslovakia now have fleets of Volvos and Mercedes, too," comments Mr. Roelf Zuur, international manager of the Dutch road haulage association, NOB Wegtransport. Rising costs, tonnage restrictions and new legislation have added to the burdens of an industry which is already struggling to counter the effects of a depressed economic situation.

The most recent detailed statistics show 9,132 road haulage companies were operating in January, 1978, or 518 fewer than in 1977. Several hundred more companies closed down in 1978, continuing the trend which has seen the closure within 10 years of a quarter of the more than 12,000 companies in business in the late 1960s. The number of vehicles on the road increased however to 52,800 in 1978 from 51,600 a year before and from 44,100 in 1968.

Most of the closures in 1977 were of firms with up to three trucks although the number among firms with up to 15 vehicles was also remarkably high. Load capacity also fell—to 741,000 tonnes from 752,000 a year earlier—reflecting the limits which were placed on tonnage in 1975.

The NOB, the largest of the four employers' organisations, with more than 5,000 members, has been pressing for the system of limits to be revised and the Ministry of Transport is expected to allow greater flexibility later this year. With estimates of the amount of overcapacity varying between 50,000 and 120,000 tonnes, the NOB argues a blanket limit on capacity is not a suitable instrument of control. It takes no account of shortages or overcapacity in various sectors of the market and cannot respond to seasonal factors such as the sugar beet harvest or the last bad winter. The ministry is considering allowing new tonnage when a switch has been made from another form of transport, or from a foreign haulier.

The "tonnage stop" prevents new companies from starting up or established companies from expanding unless they can buy up existing companies or permits. "This has led to a trade in permits and to hauliers paying ridiculous prices to get extra capacity at a time when the weak economy means business is difficult anyway," said Mr. Jaap Vreugdenhil, public relations officer for the NOB.

The tachograph produced strong protest from the drivers, including a blockade in 1974, but it is no longer an emotional issue. It did bring, however, a revision of the regulations covering drivers' working hours. New legislation took effect in April, 1978, and was further tightened up in January, 1979. The new ruling lays more emphasis on a driver's total working time, including rest periods, and less on driving time. Drawn up in line with EEC regulations, the Dutch rules lay down a maximum 10 hours' work time a day for an average of five days a week.

While accepting the need for the tachograph and limits on working hours and their benefits as "tools of management" the NOB wants them to be applied flexibly. Exemptions have already been granted for operators of sand and gravel tipper trucks. The road hauliers have also complained to the transport minister that rigid rules do not take into account the long traffic jams that build up daily on motorways, particularly in the crowded "Randstad," while the centres of towns such as Amsterdam are becoming more and more difficult to reach.

The NOB is clearly dissatisfied, too, with the policing of the new regulations.

"There must be guarantees that the new law will be applied strictly," Mr. Vreugdenhil said. "Controls in West Germany are much more thorough than in Holland. To achieve the law's objective of increasing safety and to prevent unfair competition, it must be sufficiently enforced."

Sharply higher wage costs have been a major reason for the Dutch road haulage industry's loss of competitive edge internationally, in the view of NOB. The introduction of a new wages structure under the previous minister of transport led to a rise in wage costs of 40 to 50 per cent in the space of a few years. This has made the Dutch driver more expensive than his counterpart in Germany, France or the UK and put him even further ahead of Italy, Spain and the Eastern European countries.

The transport minister has rejected a request for concessions in the areas of wage subsidies and taxation, but some export promotion funds are being spent on the haulage industry.

The refusal of some hauliers to conform to nationally-negotiated wage agreements has been a source of bitterness in the industry for many years. The NOB reports progress on this front though, while admitting it is difficult to say how many companies still refuse to honour agreements. For the first time last year four firms were threatened with a temporary suspension of their operators' licence if they did not apply the national wage packet.

Despite the Dutch industry's claim that restrictions on permits to make journeys through many neighbouring countries have hindered free competition, the NOB is cautious about sweeping away the red tape which dominates the continental haulage industry.

"We are in favour of liberal transport policies," Mr. Zuur said. "But we must be careful."

The NOB is sceptical that sufficiently far-reaching agreements could be made to prevent countries taking restrictive measures, such as Austria's recent decision to tax trucks in transit. While countries like Italy and Hungary retaliated with their own tax measures, Holland refused to act, to the disappointment of the NOB. Plans by both Belgium and Switzerland to tax hauliers from 1980 are also a cause for concern.

Dealings

One area where some progress has been made is in dealings with the Soviet Union. While a provious agreement in theory gave the two countries parity, in practice Soviet haupliers easily used up their 500 permits while Dutch companies at best managed the odd trip with material for trade fairs. Under a new agreement a twice-weekly scheduled service runs between Vlaardingen, near Rotterdam, and Moscow with equal tariffs applying to both countries. The NOB is not fully satisfied with this arrangement, however, and hopes for further concessions from the Soviet Union.

The improvement to ports in the Middle East has taken some of the pressure off road transport to that area and Dutch hauliers are now looking around for new routes. The trans-Sahara route through Algeria and Niger would open up the industrial areas of Nigeria to Europe, but the Algerian refusal to give transit permits is a major stumbling block.

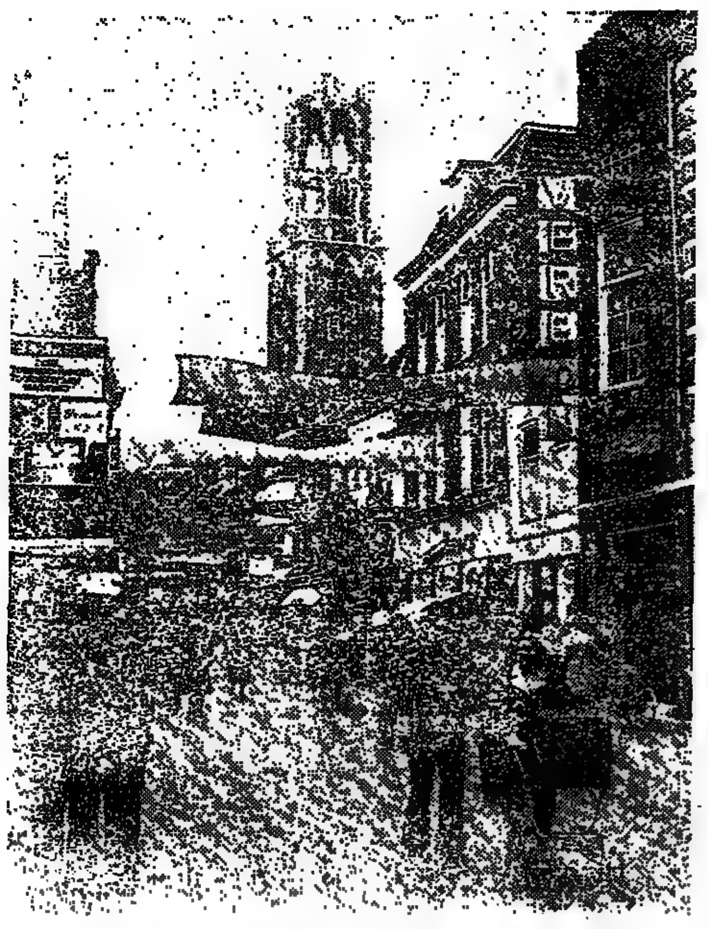
One Dutch company, Europe Africa Transport, has an agreement with the Algerian State Transport organisation, but, in general, Algiers attempts to direct all loads onto the State company.

"I think we could see just as explosive growth in West Africa as we saw in the Middle East," Mr. Zuur said. Much will depend on whether Nigeria and Niger bring pressure on Algeria to open up new routes. In the more distant future, the Dutch are also looking to South America, where international roads are being developed, and even to China.

A poor level of demand

RETAIL TRADE

LORNE BARLING



With continued pressure on family budgets, the Netherlands is facing a poor level of retail demand. Above: Steenweg shopping precinct, Utrecht

OVERALL RETAIL sales in the Netherlands increased by 3 per cent in the first six months of this year, compared with 8 per cent in the same period last year, providing somewhat depressing operating conditions for the Dutch retail sector.

The prospects for the rest of this year are little better, and this will certainly be reflected in the figures of the major retailing groups, despite some diversification. One group predicts that the increase in sales in the second half may be as low as one per cent in real terms.

It is not therefore surprising that a number of these groups are pressing ahead with plans to invest in new areas such as property, restaurants and recreation projects, and boosting their activities abroad, particularly in markets where there are good prospects for growth.

The poor level of retail demand is attributed largely to harder credit conditions, inflation and the consequent pressure on family budgets. Higher energy costs, increasing rents and other costs are also expected to restrain retail buying during the latter part of this year.

The only substantial area of growth has been in the mail order sector, where there was a 14 per cent increase in the value of sales during the first six months of this year compared with the first half of 1978. This was attributed partly to the bad weather conditions in the early part of the year, which encouraged people to buy from the comfort of their homes.

Consumer durables, which has been a consistently strong sector for some time, were also hard hit and little recovery is expected in the short term at least.

Ahold, one of the largest companies in the Netherlands after the major multinationals, recently reported a healthy increase in net earnings for 1978, which at Fl 48m (about £11m) was Fl 12m above the previous year's figure. Total sales for last year were Fl 4.9bn compared with Fl 4.1bn in 1977.

However, with around 20 per cent of its sales in the U.S. through its Bi-Lo subsidiary, and a wide range of diversified interests, the company's exposure to the depressed Dutch retail market is somewhat protected.

The company's retail interests outside the Netherlands consist of chain stores in Spain and the U.S. Bi-Lo operates in some of the fastest growing states in the U.S., South and North Carolina and Georgia, where supermarket sales by the company were valued at $460m last year, despite strong competition. At the time of its last annual report, the company had 103 outlets in the U.S. and this will be expanded by at least 10 during this year.

Like other Dutch retail companies' efforts to break into southern Mediterranean markets, Ahold's activities in Spain have not been wholly satisfactory and it failed to make a profit there in 1978, although it believes this position can be turned round with persistence.

In the domestic Dutch market last year the group maintained its share of 7 per cent of national spending on food and related products, but its percentage increase in sales was less than in previous years, due partly to a smaller rise in price levels which moderated sales by value.

Overall, national consumer spending increased by about 4 per cent in the Netherlands last year, about the same as in the two previous years. Ahold points out that consumer behaviour patterns cannot always be predicted and it should not be assumed that the trend of 1978 wil be continued.

"We are expecting only a slight increase in volume in 1979, say 1 to 1.5 per cent, and again with fierce competition," the company reported.

The company's most dynamic division appears to be that dealing with restaurants and recreation, where sales last year increased by nearly 40 per cent on 1977, although profits were less spectacular. The operation is based mainly on roadside restaurants in the Netherlands and Belgium.

Ahold believes that the economic outlook is not conducive to strong growth, however, and sees a period of more modest expansion, largely through making use of existing resources. It believes it will be difficult this year to maintain the same ratio of earnings to sales.

Bijenkorf (KBB) the department store group, achieved a respectable increase in net earnings last year which at Fl 24.5m was an increase of Fl 4.5m on the previous year, while turnover rose from Fl 2.1bn to Fl 2.24bn in the two years. While the company is also cautious about the retail prospects, it, too, is going ahead with diversification, although it has chosen a somewhat different route from its competitors.

Predicted

KBB has opted to go into the sports equipment business and is acquiring a chain of stores for this purpose, clearly betting on an increase in leisure activities in the Netherlands, as is predicted in most industrial countries. Similarly, it has an interest in developing a holiday centre for water sports on the French Mediterranean coast and a winter sports centre in the Naute Savoie.

KBB is the second largest department store group in the Netherlands and with a 2.6 per cent share which is still expanding, it is far from becoming widely diversified. Only 4 per cent of its sales last year came from other activities.

However, its partnership in the leisure centre group, Robex, in which the large building concern Stevin also has an interest, is likely to become more important if the early projects prove to be as successful as they seem.

Vroom and Dreesman, a privately-owned but highly successful retail company which has only recently revealed the full extent of its interest, last year notched up gross sales of Fl 4.46bn and after tax profits of Fl 86m, compared with Fl 2 bn and Fl 14m in 1974-75, giving some idea of the growth it has achieved.

However, the company admits now that the prospects are not good for the rest of the year, despite its wide diversification. It owns a chain of more than 600 shops, which include around 60 department stores and 300 food and drink shops, and two small banks, a stockbroking company and a mortgage broking business.

It also has a major stake in the rival KBB group and two other Dutch store groups. V and D has also gone for a range of minority holdings in successful retailing ventures in North America, which range from Mexico to New Hampshire.

The company has been encouraged by the higher margins which can be achieved in the U.S., and derives a major part of its turnover from these activities which have perhaps proved the most successful of any diversification undertaken by Dutch retailers.

While these companies continue to generate enough capital they all seem intent on involving themselves in overseas activities of this kind, reducing the risk of committing themselves to a secure but dull home market. But with world economic conditions now unsettled, it may be a tough battle breaking into new markets.

Challenge of the multinationals

THE MOTOR INDUSTRY

KENNETH GREEN

HOLLAND PRESENTS a useful illustration of the difficulties faced by small, democratic countries which wish to retain a firm foothold in the motor industry in the 1980s at a time when the muscle of the multinationals is really beginning to be felt.

Both of Holland's car and truck businesses, hampered by a relatively small home market—584,000 cars and 46,900 trucks last year—have been seeking ways to spread the cost of expensive new technology without giving up completely their sovereignty to outsiders.

And both businesses, Daf Trucks and Volvo Car, have recently made important decisions about the future.

Division

As it happens, both were originally part of the same organisation, set up by the two Van Doorne brothers. But, in 1972, the car and truck operations were split and Volvo of Sweden took an interest in the car side. The Swedish group had been looking for ways to extend its car range with a smaller vehicle to complement the big ones it built.

Unfortunately, the first model which appeared from the partnership was a marketing man's nightmare. Called the 343, it combined the Variomatic gearbox which had been used since the first Daf cars were launched in 1950 with heavy-looking Volvo styling.

Europeans generally are not convinced yet of the virtues of automatic gearboxes and it was not until a manual gearbox was introduced last year that the 343 at last began to see reasonable sales levels.

This has been followed by a five-door version, the 345, necessary because there are some European car markets—France and Switzerland among them—where customers expect a vehicle to have four doors however small it might be.

As a result, Volvo Cars' modern factory at Born in the south-eastern province of Limburg expects to produce 90,000 cars this year compared with around 65,000 in 1978. (Not all of them are 343s or 345s because some of the old-style models, named the 66, are still produced.)

Forecast

Volvo Car is forecasting that it will produce 103,000 cars in 1980.

Even so the company is expected to continue to incur losses until 1981 or 1982. Last year Volvo Car estimated losses for the 1978-80 period would be Fl 237m. In 1977 the loss was Fl 125m and the following year Fl 115m.

Volvo of Sweden, with its own problems to sort out, has reduced its shareholding to 55 per cent of Volvo Car with the Dutch Government owning the rest of the equity.

And there have been two financial "packages" in 18 months designed to put Volvo Car back on its way to profits.

The latest, announced in July but not due for final ratification until this month (November), will involve provision of a further Fl 231m, mainly towards the development of a successor to the 343.

The Dutch Government will provide Fl 155m of the total and Volvo of Sweden the rest.

In response to union concern that Volvo Car might simply become an assembly satellite of the Swedish plant, Volvo of Sweden said it would spend Fl 35m to expand capacity at Born with an extra press line, taking the annual capacity to 110,000 cars a year.

Policy

And agreement in principle has been reached between the Dutch Government and Volvo of Sweden for a change from the original policy of centralising decision-making in Stockholm. The Dutch management in future should have greater freedom to decide policy for Born.

The Dutch unions and Government are insistent that Volvo Car should not lose its independence or its ability to design and produce a new car model from scratch.

That kind of engineering and design skill also exists within Daf Trucks but many would argue that Daf is too small to be able to cope alone with its major European competitors. When the former Daf business was split up in 1972, the U.S. group International Harvester, which claims to be America's biggest truck maker, took a 33 per cent stake in Daf Trucks as a potential base for expansion into Europe.

The Dutch Government also helped out financially and took a 25 per cent stake. The remainder of the shares stayed with the Van Doorne family trusts.

Hardly any of the expected benefits emerged after Daf and IH linked. It soon became clear that European trucks were too expensive to sell profitably in the U.S. and IH and the Dutch concern never could see eye-to-eye over technical matters when they came to discuss new model programmes.

In September this year, however, the scene changed drama-

CONTINUED ON NEXT PAGE

Manufacturers widen product range

ELECTRICAL INDUSTRY

WILLIAM THIRD

THE FORTUNES of the Dutch electronics and electrical industry are closely bound to the activities of domestic giant, Philips. Figures from the Central Bureau of Statistics (CBS) show that the industry, as a whole, employed more than 112,000 people in 1977, with Philips employing over 84,000 in 1978.

Total turnover in 1977 was Fl 13,000m, and since 1976 the industry has continued to grow faster than the gross national product. Philips' deliveries from the Netherlands, according to its annual report amounted to Fl 11,952m in 1978, although this figure was affected by the increased export of communication equipment and cables.

The presence of such a large company in a relatively small country tends to blur statistics, since detailed import, production and export figures per activity would be too easily related to Philips' activities. Import and export figures, equally, contain deails of equipment and components from Philips' establishments abroad which may often be re-exported in total systems.

The Dutch Government was one of the last West European Governments to commission a study on the social and employment effects of the microprocessor "revolution," and this is also partly attributable to the presence of a world force in electronics within its borders.

The report, being done by General Technology Systems of Britain, is due out shortly. The two main points under discussion in the country being, "How can we avoid missing the boat?" and "Having caught it, how can we deal with the social consequenres?"

However, in general terms, it can be said that despite increased Japanese competition in some areas and a falling off of traditional activities in others, the Dutch electronics and electrical industry is faring quite well.

Apart from the more traditional heavy electrical industries producing electro-motors, generators, transformers, switching and installation material, such as Holec of Utrecht, there has been a growth in newer, electrical and electronic activities, such as instrument-making and the production of medical equipment, including cardiac pacemakers.

A number of foreign companies, such as Texas Instruments, Tektronix and John Fluke, have international production and marketing centres in the Netherlands, attracted by the strategic position and the favourable business and employment climate.

In addition, such domestic companies as Oce van der Grinten, producers of electrochemical and electrostatic photocopying equipment have shown strong growth.

Inevitably, however, the activities of Philips will continue to be of the greatest significance.

The fortunes of Philips have traditionally been bound to the company's original products such as lamps, valves, radios and, later, the Philishave shaver and TV sets. And while it is still true that colour TV sales are critical to the results of the group as a whole, there is an increasing emphasis within the company for products and systems for professional applications. These accounted for over 24 per cent of the group's deliveries in 1978, worth Fl 8,407m.

They covered such fields as telecommunications equipment, and in this respect the Saudi Arabian telephone network was of particular importance, as well as air traffic control systems, analytical and process control systems for science and industry and computer systems.

The production of integrated circuits, plus computer systems, telecommunication equipment, and peripherals round the domestic TV set are seen by analysts as some of the most important areas in the future of electronics and, in this respect, the company is well-placed.

Profits

The structure and wealth of the company means that it can use large profits made in the consumer fields to subsidise initially less-profitable professional activities until these either become profitable or are abandoned.

The production of integrated circuits and other electronic components are obviously of great importance. And in this context the latest "buzz" words are vertical integration and industrial synergy. Philips are one of the two European manufacturers of any significance, the other being Siemens.

Philips have production centres in Nijmegen and Eindhoven as well as in the UK, France and the U.S. The company is strong in the production of analogue circuits, and its purchase of Signetics in the U.S. can be seen as an attempt to catch up on digital technology.

The analogue circuits it makes are designed for application in consumer products, particularly in the video and audio fields, and this is where it achieves industrial synergy, since the complete process of research, production and application exist within the same company.

One part of Philips which can benefit enormously from this synergy: from the research and development facilities, the general financial benefits adumbrated above, plus the application of its products in professional systems by other divisions, is Philips Data Systems.

After the painful collapse of Unidata, the Euro attempt to make large computers, Data Systems is making good progress with its sales of small business computers such as the P430, the P300 and the P7000 multi-system stations, scoring particular success in the banking and financial world in Western Europe.

The proposed acquisition by Philips of the U.S. Pertec Computer Corporation would have provided a renewed push of their activities in North America.

However, the West German company, Triumph-Adler has since made an agreed bid for Pertec.

The recent acquisition of the Canadian firm, Micom, in 1978, has boosted Data System's presence in the word processing market.

Philips have high expectations for Data System's future growth, particularly once systems such as electronic mail become a reality, and "the office of the future" is more than a gleam in the eyes of consultants. Data Systems had worldwide sales of Fl 1bn last year.

Another of the company's strengths are research facilities, not only in Eindhoven, but also in the UK, France, and now, the U.S.

An outstanding example of innovation from this quarter is the development of the video long-play disc, the VLP. Now being test-marketed in certain cities in the U.S., it is scheduled to be launched in the UK next year. Originally seen as a consumer item, the VLP technology is also being applied as a pure data storage medium for Data System's products, and as a pure audio disc.

It is one thing to innovate and quite another to persuade the market to accept the innovation. Until there is a degree of standardisation, the market will not grow to its full potential. Philips' recent signing of a cross-patents deal with Sony, on a range of items, including VLP and the audio disc, will probably help in this respect.

The VLP brings us to another market area which Philips like to call "home electronics for sound and vision." The market for colour TVs is rapidly reaching saturation point, and the company sees the VLP, the video cassette recorder, and Business Viewdata as welcome alternative areas of growth.

It is in just this area, which also encompassses audio equipment that Japanese competition has been at its hottest. Philips were first on the market with their VCR video recorder, but Sony with their Betamax system, and IVC with their VHS system, have displayed typical Japanese ingenuity and agression and now claim a bigger market share. This is probably just such a market which would probably have grown more if there had been more standardisation and consumer confidence, something which can hardly have been nurtured by Philips new V 2000 video cassette system since it is incompatible with their earlier VCRs. However, the new system has a long playing time of two times four hours, and should help reverse this trend.

Despite the firm guilder over the past few years, exports have continued to grow, and a 4 per cent growth is forecast for this year, for the industry as a whole, by the CBS. The number of employees continues to fall, from 13,400 to 12,800 in 1977 for instance.

It remains to be seen whether new activities will grow fast enough to make up for the jobs lost in the older, declining part of the industry. And whether microelectronics will provide new jobs as well as taking them away.

Multinationals

CONTINUED FROM PREVIOUS PAGE

tically when Daf announced it was having talks with Dodge Trucks about possible technical and manufacturing co-operation. This is being done with the full support of IH, according to Daf. Dodge is the trucks business acquired by PSA Peugeot-Citroen of France when it bought the European operations of Chrysler, a deal formally completed in January this year.

Dodge was in a similar position to Daf—it was not large enough to sustain the very heavy outlay involved in bringing new truck models to the market. The co-operative arrangement, if it goes through, would enable the two companies to spread the fixed cost of component engineering and production over a larger output.

But even this would not be enough to match Europe's major truck makers, Daimler-Benz and IVECO, the Fiat-dominated group. So Daf and Dodge have let it be known that other truck companies would be welcome if they would like to come along and join the "club."

It could quickly attract further members, given that the European industry, beset by problems of over-capacity, steeply rising costs and relatively static demand, is ripe for restructuring.

Output

Dodge and Daf fit together quite well. Dodge, with an output of 14,390 trucks of over 3.5 tonnes gross weight last year mainly covers the medium-weight part of the market while Daf's models—11,300 were produced in 1978—are at the heavy end.

Daf has plants in Eindhoven, Holland, and Oeval, in Belgium, and also has interests outside truck-making which contributed to last year's net loss of Fl 6m on a turnover of Fl 17bn.

In Holland itself, Daf has a solid 40 per cent of the heavy truck market with, as might be expected, the Swedes' Volvo and Scania, following behind. Although Ford of Europe assembles its heavy truck, the Transcontinental, only in Holland—at Amsterdam—it still does not have a substantial local following. The Ford Transit van is also assembled at the Amsterdam plant and this vehicle does well in Holland, topping the best-sellers list for vans.

Overall, the commercial vehicle market has been growing steadily in Holland with registrations up from 43,300 in 1977 to 46,900 last year. By the end of August sales were well ahead of the same period in 1978 with 33,400 registered compared with 30,500 in 1977.

The underlying trend in the car market, however, has been down, so far this year. In the first eight months registrations reached 431,000 compared with 433,000 in the same period of 1978. In 1978, car registrations totalled 584,000 and in the previous year the figure was 500,052 although it was not strictly comparable. Previously they did not include cars powered by liquid petroleum gas (LPG) or unofficial imports which between them probably accounted for around 20,000 cars in 1977.

The Dutch Motor Traders' Association had forecast that registration would drop to between 560,000 and 570,000 in 1979.

But in September's Budget it was announced that car taxes will be raised in January, 1980, and this will be bound to pull forward some sales into the later part of this year.

The new special car tax only affects cars costing over Fl 10,000. Between Fl 10,000 and Fl 20,000 the tax will be raised from 17.5 to 19 per cent while cars above Fl 20,000 will have the special tax raised from 17.5 to 21.5 per cent. Because of the additional VAT element, this really involves a 2 per cent rise in the first case and a 6 per cent jump in the latter case.

Apart from the fact that the Government needed to raise extra income, it also presented the imposition as an energy-saving measure because the extra tax goes mainly on larger cars.

New moves to halt decline

TOURISM

MICHAEL VAN OS

MR. FRANS ANDRIESSEN, Dutch Finance Minister, did not really enjoy the sort of welcome he received when he and his family returned from a short holiday in France this summer. Waiting for him outside his house in Bilthoven was a photographer from a Dutch popular weekly.

There was little doubt why the photographer was there at that particular time: hadn't the Minister suggested on television not long before that the travel-minded Dutch ought to spend more of their holidays in their own country? And suggested that that would be a very welcome development for the balance of payments?

Though Mr. Andriessen apparently did not set too good an example for the Dutch holidaymakers himself this summer, a look at the present situation makes clear what he was worried about. An important share of the total deficit on the balance of payments can be attributed to the deficit on the so-called balance of tourist traffic (the balance of receipts from incoming tourism and expenditure on holidays outside the Netherlands).

In the past the surplus on the services balance, of which the tourism balance is an important part, had been sufficient to more than offset the deficit on the trade balance. As a result of the fast-growing deficit on the tourist balance this is no longer the case.

Response

The government has responded to the situation by announcing a five-year-plan to promote tourism in the Netherlands. For this programme, an additional Fl 100m (£23.2m) will be spent in the period 1980-1984.

The Dutch motoring association ANWB said in its 1978 annual report that of the 8.8m Dutch holidaymakers in the past year, no less than 60 per cent crossed the border. Particularly responsible for the steep increase in foreign vacation was the growing number of winter holidays.

According to official statistics, the deficit on the tourism balance amounted to Fl 4.65bn in 1978, compared with Fl 3.2bn in 1977. Revenue had amounted to Fl 2.7bn last year, while expenditure was Fl 7.3bn. This year's deficit could rise further to about Fl 6bn, treble the deficit of 1976, the Netherlands Bureau for Tourism (NBT) has forecast.

The last time the Dutch tourist balance had been in surplus was in 1965. Since then, expenditure on holidays abroad has been rising sharply every year. On the other hand the growth in revenues from incoming tourism had stopped since the oil crisis of 1973 and there has not been a recovery. In absolute terms there has even been a decline in 1977-78, which is quite contrary to the development of expenditure of worldwide tourist traffic, which shows annual growth rates of about 10 per cent.

If one looks at the revenue side of the Dutch tourism balance, it appears that the Netherlands is in eighth place in Europe. But as regards expenditure it is third after West Germany and France. Of all five European countries with tourism balance deficits, the Netherlands' deficit is largest after West Germany's. And the deficit is rising at a faster pace than in any of the five countries.

The Economics Ministry in The Hague, which is responsible for tourist matters, is acutely aware of the serious problem that the Netherlands is no longer benefitting from the international growth of tourism. It is recognised that far more has to be done than making simple moves such as establishing more gambling casinos (Zandvoort and Scheveningen).

The importance of tourism to the Netherlands is illustrated by the fact that total expenditure on tourism in the Netherlands amounted to about Fl 12bn in 1977, which is 8 per cent of total domestic consumption. Employment in the tourist sector amounts to about 200,000 man years.

What are the reasons for these rather worrying developments? Investigations have revealed two major problem areas which have contributed to the stagnation in incoming tourism. First, there are the general complaints of deteriorating standards of service in The Netherlands. Second, the price of what the Dutch have to offer to tourists is relatively high: the quality of what is offered is not high enough given the price, it is stated.

It is further acknowledged that reports of increasing crime in the big Dutch cities has certainly harmed the country's image abroad to some extent.

The relatively high price of Dutch holidays is primarily caused by changes in the exchange rates and in the rate of inflation. The guilder has become a stronger currency during the last few years as a result of the highly beneficial impact on the balance of payments of huge natural gas exports.

In his White Paper on tourist policy published in July, Mr. Hazekamp, State Secretary in the Economics Ministry stated: "The combined impact of these two developments in the years 1975-1978 has resulted in a substantial lowering of the purchasing power of the tourists from our most important markets.. Seen from a number of the main suppliers of tourists to this country, The Netherlands has therefore become more expensive."

On the other hand, he added, this development had stimulated the Dutch to spend their holidays in cheaper countries rather than remain at home.

To alleviate some of the fears among Dutch holidaymakers and travel organisations, the State Secretary also said that although the Government would do its best to make the Netherlands a more attractive holiday resort, it was not intended to limit foreign travel by imposing currency export ceilings.

Although such measures would be effective given the near impossibility to do anything about for example the exchange rates, they would be "incompatible with existing international obligations" and "scarcely acceptable from a social viewpoint."

During the heat of the public discussions in the beginning of this year of what should be done about the deteriorating tourist balance deficit, a Dutch banker in Amsterdam, Mr. W. Mak of Banque de Suez, was among those who advocated inter alia a tax on foreign holidays. "The people spend too much in general at the moment. Borrowed money, that is. As for expenditure on foreign travel, I believe one should not travel on credit but first earn the sum needed."

Rejection

Mr. Cees van Zwijndregt, chairman of the Dutch organisation of travel companies (ANVR), immediately rejected any such plans. "If something had to be done, it would be preferable to limit the sum to be spent on a foreign holiday so that the average Dutchman can still go abroad. And make the country more attractive for incoming tourists."

Meanwhile, the tourist branch has launched a major effort to raise the standard of service. The ANWB said in its annual report: "The level of services, prices and provisions in The Netherlands should be dealt with to attract more foreigners. The bad tourist balance position could eventually threaten our prosperity."

The association pointed at the large number of Dutch (nearly 2.5m) who in the summer had visited countries such as Britain, West Germany, Belgium, Luxembourg, Austria and Scandinavia. "The falling number of domestic vacations by the Dutch last summer couldn't have had much to do with the disappointing weather. One can hardly call those countries very sunny. The reason for the problems lies elsewhere," the ANWB said.

In setting out its future policy on tourism, the Economics Ministry also pointed—besides to the balance of payments picture—to the significant employment aspects. About 5 per cent of total Dutch employment is connected to the tourist industry. Calculations by the Central Bureau of Statistics have shown that—largely as a result of the lagging behind of incoming tourism compared with the growth of worldwide tourism in the period 1973-78—there had been a direct loss of about 45,000 jobs in the Dutch tourist sector.

The State Secretary believes that the general tourist picture can be improved by concentrating the support efforts in three areas. First, by stepping up tourist promotion at home and abroad with the aim of stimulating domestic holidays for the Dutch and to increase the country's share of international tourism.

Second, to improve the relation between the price and the quality of Dutch holidays by modernising and expanding the tourist infrastruture and the accommodation. And third, by improving the quality of the service to tourists.

Starting with the budget for next year, a number of additional expenditures for expanding and reinforcing tourist policy in The Netherlands would be added, totalling a sum of Fl 25m. So nearly twice as much (in all Fl 48.4m) will be spent on tourism compared with actual expenditure in 1979.

The additional Fl 25m will be allocated as follows: Fl 2m is for promotion, Fl 3m is for the acquisition of international congresses, Fl 12.5m for the improvement of tourist infrastructure and accommodation, Fl 1.5m for interest rate facilities for modernising tourist accommodation, Fl 5m for improving tourist service and Fl 1m for research.

Since the proposed policy measures are unlikely to be sufficiently successful in the short term, it is intended that the extra sum will be made available every year in the period 1980-84.

Impressive levels of achievement

THE ARTS

RIKKI CATE

ALTHOUGH THE Netherlands Netherlands is a small country of only 14m people, in the area of the arts, as in so many other fields, it has long enjoyed a level of achievement impressively disproportionate to its small size.

The Dutch can look back in their history to painters of the calibre of Rembrandt, Vermeer, Frans Hals, Jan Steen and, more recently, to such innovators as Van Gogh, Mondrian, and Karel Appel. Nor is Dutch achievement limited to the visual arts.

Amsterdam's celebrated Concertgebouw Orchestra, to take just one outstanding example, has acquired worldwide fame, and the orchestra's principal conductor, Bernard Haitink, has been hailed by the Evening Standard as "the best conductor of his generation in Europe," following his triumphant debut at Covent Garden with Wagner's Lohengrin.

Haitink, who has received a knighthood for his contributions to the arts in Britain, was also (for more than a decade) the principal conductor of the London Philharmonic Orchestra, until pressure of work commitments forced him to choose between the two. He remains very much involved with the British arts scene, however, as artistic director of the Glyndebourne Festival.

Another Dutch "export" is the highly-regarded Rotterdam Philharmonic Orchestra's youthful conductor, Edo de Waart, once described by underground music king, Frank Zappa, as a "cross between Paul McCartney and Dr. Kildare."

De Waart, who was selected as an assistant by Leonard Bernstein after winning the Dimitropoulos conducting competition in 1964 while only 23 years old, has now left Rotterdam to concentrate on the San Francisco Symphony Orchestra, where he has been musical director since 1977.

The Netherlands' two leading dance companies, the modern Netherlands Dance Theatre and the more classical National Ballet, have also succeeded in achieving international acclaim in a remarkably short time. The Dance Theatre, which celebrated its 20th anniversary this year, was originally formed by break-away "rebels" from the then-Netherlands Ballet which desired more freedom to explore contemporary dance forms, and it became the first European company to conceive the ideal of bridging European traditional and American modern techniques.

Since 1975, the company has risen to new heights under the leadership of artistic director Jiri Kylian, whose choreography of Janacek's Symphonietta took the American Charleston Festival by storm last year. New York Times critic, Clive Barnes, observing that "the triumph of the programme belonged to the Netherlands Dance Theatre," added that Kylian, along with Eliot Field, was "probably the finest" choreographer of his generation.

Ambitious

The company is now embarked on one of the most ambitious projects ever attempted in the world of modern dance, a ballet to be entitled Trilogy that will be performed (and filmed for television) in 1981. Based on the way of life of Australia's aborigines, who Kylian terms the "most marvellous dancers I have ever seen," the two-year project began this summer with a visit by the entire company to Australia's Northern Territory to investigate for themselves the lives, mythology, and dance of the aboriginal tribes.

The National Ballet, only formed in 1961, ranks among the leading companies in the world. In addition to its full classical repertoire, there are also numerous works created by artistic director Rudi van Dantzig and resident choreographers Hans van Manen and Toer van Schayk, which are now being performed by companies throughout the world.

A number of these were created especially for Rudolf Nureyev, a frequent guest since he first took the company and van Dantzig's experimental electronic ballet, Monument for a Dead Boy, to Sadler's Wells for the company's enthusiastically-received London debut in 1969. One of Nureyev's favourite dance partners, in fact, is the National Ballet's Alexandra Radius, who, with husband Han Ebbelaar, makes up the company's leading couple. In September, the celebrated couple's 20th year together as a dance team, was commemorated with a special international gala performance in Amsterdam, during which the most recent of van Dantzig's creations, Voorbij Gegaan, was also premiered. To satisfy disappointed public demand, the gala had to be repeated on a second evening.

Despite Holland's own increasing economic difficulties in these financially troubled times, and the belt-tightening measures of the country's Conservative administration, a total of Fl 466m (about £233m) has been budgeted by the national Government for the arts in 1980. When combined with the contributions of provincial and local governments, total official support of the arts will probably reach more than twice this sum. This money is divided almost evenly between what is termed the production of "new art" (which includes subsidies and grants to working artists), and the maintenance of the old, which also includes the support of museums, monuments, and the like.

Although the new budget represents a Fl 31m increase on current expenditure, the Government is trying to cut back on its share of the total, and talks are currently underway with this in mind. It is felt, for example, that orchestras with purely local appeal should be at least 50 per cent locally supported, with the remainder of the cost divided between provincial and national authorities.

In Amsterdam, the undisputed cultural capital of the country, the thorny issue of who-receives-what is decided by the 75-member Arts Council, a completely independent body reformed in 1971 with the stipulation that all of its members must be actively involved in the arts in Amsterdam, and two-thirds must be working artists.

"We don't actually allocate money," explains Council spokesman, Rob Couzy. "That comes from the city. We merely advise on the artistic merits of proposals and evaluate projects underway. We also supply advice and expertise to interested parties on making subsidy applications. The city council is not required to accept our recommendations, but it is required to justify its refusals to do so."

Couzy adds that the Arts Council, which includes 12 specialist committees, has little direct involvement with Amsterdam's high-prestige cultural mammoths, such as the National Ballet, Concertgebouw Orchestra and Rijksmuseum.

"We only advise on the funding of certain special projects involving these," he points out. "We made and agreement with the Alderman for the arts that we would not have to deal with the big items so we could concentrate on the smaller ones. That's what we see as our main task."

Couzy believes that the future development of the arts lies with the increasing numbers of smaller, innovative groups, as opposed to the more staid, traditional forms — "At the moment, nothing really new is happening. There's a very dangerous attitude of complacency. I believe that one way to get things going again is through support of smaller groups."

Example

One unusual example of this support, which also illustrates the Arts Council's laudably open-minded attitude, is the dynamic amateur theatre group, InPlayers International. Although many of the group's members are not even Dutch, and performances are presented in the English language only, the ambitious nature and consistent high quality of those performances, which include such daunting undertakings as last year's production of the difficult Peter Weiss play, Marat/Sade, have earned the group unstinting praise from the Arts Council's reviewers. One even went so far as to commend the group on its courage and initiative in daring to attempt to bring English-language theatre to Dutch audiences!

As a result, InPlayers receives two grants annually from the city, in spite of its lack of native roots.

It has also been awarded a number of special cash prizes far exceeding those conferred upon other more traditional home-grown amateur theatre groups. Australian Jim Davidson, who directed Marat/Sade comments: "They do cater quite well for their minorities here."

The CBI's turn to deliver the goods

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

BRITAIN'S industrialists, top managers and small businessmen assemble this morning in Birmingham's town hall for the third national conference of the Confederation of British Industry at a time when they are less confident about the country's industrial prospects than at any time during the past 20 years, excepting only the 1974-75 industrial and economic crisis.

Last week's quarterly industrial trends survey from the CBI underlined this and pointed to the paradox of a sharp decline in industrial confidence just at a time when Mrs. Thatcher's Government has given industrialists and managers most of the things they have been demanding for years.

So the mood of the conference during the next day and a half of debates will be far from that of a victory celebration after the defeat of a Labour Government. What remains to be seen is how the conference reconciles its pleasure at the things Mrs. Thatcher has done with its worry (I have heard one industrialist even call it "terror") about how to cope with the responsibilities that industry now has to shoulder.

NFU's motion

This will begin to become apparent from the start of the conference this morning when the National Farmers' Union moves a resolution which it drafted three months ago as a criticism of some of the Government's economic policies, especially over the pound. But now the pound has fallen away and exchange controls have been abolished, there is little that can be asked for. The farmers, who even considered withdrawing the resolution last week, will therefore probably put their views in a low key way. Then, as the conference moves on through relations with the Goverament, the implications of technology and the "challenge to management," the degree to which companies are geared up to respond may emerge.

Certainly CBI leaders are aware of the need for a positive response as Sir Ray Pennock, the ICI deputy chairman who is to be CBI president from next May, emphasised when he launched last week's industrial survey. He talked about managers and businessmen "getting their fingers out" while Sir John Methven, CBI director general, said the country needed a "cold douche."

Both men are not averse to criticising the failings of Britain's management. The fact that they are being more openly critical reflects the fact that the CBI has to change its job now that it has a friendly Government in power and cannot earn its members' subscriptions simply by charging into battle with Labour Ministers over issues like Bullock-style worker directors, Benn-style planning agreements, or Hattersley-organised pay policy penalty clauses in public sector contracts.

Battles with the last Government over issues such as these have earned Sir John Methven his laurels during the past three years that he has been building up the CBI as a major force in the British political scene, rivalling the TUC in the business of developing and propagating policies.

Now Sir John has to balance a modified version of this representative role with the other side of the job of a director general or union general secretary—leading his members and influencing their policies and attitudes instead of simply reflecting them.

Sir John's predecessor, Sir Campbell Adamson, came unstuck when he developed this role of leading his membership. He found himself too far out in front with few supporters when

SIR RAYMOND PENNOCK . . . "getting the fingers out"

SIR JOHN METHVEN . . . "cold douche"

SIR JOHN GREENBOROUGH . . . opens the conference

SIR ALEX JARRATT . . . balance of power report

he tried in the early 1970s to guide his members into policies and attitudes that would bridge the widening credibility gap between big business and the general public.

Sir John himself has had to turn a somersault or two in the past few months. His members welcomed a 15 per cent level of VAT, because it was linked with dramatic cuts in income tax, a week or so after he had gone to the Treasury pleading that the rate should not go above 10 per cent. He has also had to soft-pedal on the CBI's ideas for a pay-oriented economic forum because the Government is not yet interested in the idea. But even more embarrassing was a trouncing Sir John received from his policy-making council (backed up within a few hours by the rival Chambers of Commerce and the Institute of Directors) when he dared to criticise Sir Keith Joseph for cutting regional aid early in the summer.

"If you're going to do a public job, you're going to get rolled over in the dust occasionally and I believe one should just get up again and go on," says Sir John, who learned from the regional policy mishap that his members no longer want the single-minded style of approach to Government policies, which they demanded when Labour was in power.

The CBI has, however, gained expertise and confidence in the past few years. First it found it could influence the Labour Government. Now it finds that it is getting so much of what its members want from Mrs. Thatcher that TUC leaders believe it is exerting the same sort of dominant influence that men like Jack Jones and Len Murray wielded in the early days of Labour's rule.

TUC rebuffed

While TUC leaders traipse round Whitehall being rebuffed the CBI finds open doors and sympathetic ears. Sir John Methven has built up a close personal rapport with Mrs. Thatcher, visiting her both in Downing Street and at Chequers regularly, as well as having more impromptu telephone links.

If it all looks like a conspiracy to frustrated union leaders, one can hardly be surprised because the CBI has got so much of what it has asked for, not only on matters like personal taxation and labour laws, but even the abolition of all exchange controls and now a decline in the value of the pound.

Bureaucratic interference in industry has also been reduced which should free managers to get on with their own jobs. "It is a refreshing change from the last Government" says Sir Ray Pennock. "I no longer have to worry about exchange controls and price controls or the Son of Bullock or the threat of planning agreements. So I can spend more time getting on with running my business. I now have more time at ICI to be a manager."

But not everyone is so happy and motivated, as will become clear from the debates. Some people will also want to fall back onto union-bashing topics, insisting that changes in labour laws are needed to transform the fortunes of British industry. Such ideas will be debated tomorrow in a long session on the balance of power in industry that will give employers their first ever chance to thrash out in public how they see their relationships with trade unions.

Two of the propositions—from West Midlands engineering employers and from Taylor Woodrow—call for the introduction of legally binding labour agreements and for employees to have the right not to belong to trade unions. These were two of the more inoperable parts of the last Conservative Government's Industrial Relations Act of 1971, and it remains to be seen whether the CBI will find itself pushed towards a potentially unrealistic hawkish line.

Sir John Methven, who is not averse to drama for propaganda purposes, believes it is right for the CBI to let its hawks have their head. In any case, the debates will be based on a document on employers' views of the balance of power in industry from a steering group headed by Sir Alex Jarratt, chairman of Reed International. It embraces the CBI's present labour law policies (which are more or less in with the Government's plans), plus a study of the potential for what is called "employer unity," and proposals for an employers' strike insurance fund.

Sir Alex has found that employers are not much interested in watering down their basic belief in competition by helping each other in tussles with trade unions, although they might combine on issues like planning agreements or worker directors. In any case, the recent engineering dispute has raised questions about how well equipped companies are to manage a nation-wide stand. "We'll only inch forward on employer unity . . . it's clear that huge German-style solidarity is not on," comments Sir John Methven.

Ideas drawn up for an employers' strike fund and for making unions and strikers bear more of their own costs are intended to fill the gap that this leaves, and CBI leaders will be looking to the conference for an indication of how interested members might be in the fund proposal which is now being worked out with City of London brokers for possible introduction next year.

Strike funds

The steering group is also to study trade unions' own legal immunities and propose changes. "The conduct, structure and role of trade unions are of direct and legitimate concern to employers, just as trade unions have a legitimate and direct interest in the affairs of employers" says Sir Alex, whose work will have a major impact on CBI attitudes and policies for years ahead.

In the shorter term it is hoped the work will help set relationships between companies and their unions and employees on a new footing. The legal changes, strike funds, and ideas of unity are intended to strengthen employers against trade unions, while an increased emphasis being given by the CBI to employee communication and consultation is intended to strengthen the links within companies between employers and employees.

The benefits that companies can gain from encouraging the involvement and economic literacy of their employees will be stressed by CBI leaders as one way of responding to the challenge that industry faces. So the balance of power debate should not just be a comforting session with employers being able to blame all their troubles on the excesses of trade unions.

Indeed, the need for industry to act positively itself instead of relying on laws to reform other people will be stressed from the moment that Sir John Greenborough, CBI president, opens the conference this morning. One idea floated may be a CBI-organised advertising campaign on the facts of industrial and economic problems, although more emphasis will be placed by CBI leaders in their speeches on the urgent need for management to improve its own methods.

So loyalty to the Government and the need for a response from industry will be the main theme set for the conference by CBI leaders who know that, contrary to the suspicions of the TUC, it is Mrs. Thatcher and not the CBI who is setting the pace.

After years of criticising trade union leaders for not being able "to deliver" their members, the CBI now finds itself facing a similar challenge and knows it may not be much better at meeting that challenge than the TUC has been. "There is a strong feeling that this is the last chance for a market economy and free enterprise to survive, and we have to support a Government which is trying to help, even though it may be very painful," says Sir John Methven.

Letters to the Editor

University finances

From the Secretary-General, Committee of Vice-Chancellors and Principals of the Universities of the UK.

Sir,—We would be very pleased if your interpretation (October 30) of the Government's intentions about the financing of Universities were correct and that it did not intend to take away from our income more than we could realistically recover in fees from overseas students. In fact, however, we know that this is not so. The Secretary of State and the University Grants Committee have told us that the Government intends to deduct some 13 per cent from Universities' income by 1983, because 13 per cent of our students at present come from overseas. This deduction is to be made regardless of what fees we find we can charge and regardless of whether we can in fact attract replacement income from overseas students, even though to do so would require that if we get the same number of students as at present fees would have to approach £3,500 a year. This is far higher than the "world rate" since no University elsewhere attempts to cover all its costs from fee income.

So the public expenditure (amounting to over £100m a year) will be saved whatever happens, and Universities have been individually told what their share of this cut is to be. The only way in which they can make this up is to attract overseas students, and this thereby becomes an essential element in the future financing of Universities. If we do not succeed in making up the lost income, and we do not see how we possibly can, we will be unable to pay our staff or meet our other commitments. This must inevitably damage the education we can provide to home students.

Unfortunately, these are not the "Vice-Chancellors' conclusions" about policy; they are what we have been told that the Government's policy is. We have urged it to change this policy and to adopt some less brutal and more manageable course. You clearly agree with us and we very much hope that it will happen.

Geoffrey Caston.
29, Tavistock Square, WC1.

BBC external services

From Mr. S. Schattmann.

Sir,—David Tonge (October 29) is absolutely right. BBC external services—a vital instrument of British foreign policy and an important but by no means fully utilised weapon in the armoury of export promotion—should be supported. But surely one is also entitled to expect the BBC—and the Foreign Office which has responsibility for the number of hours broadcast to a particular country—to use the resources entrusted to it by Parliament in the most effective way possible.

How many of the 53 MPs who signed the motion criticising the planned cuts in the external services have ever seen the budgets or the establishments of individual vernacular services? What justification is there, for instance, for the size of the German service? It ought not to be larger than the service broadcasting to Finland. The only German service that is essential is the one directed to the GDR—even its significance is less than it was considering that some two-thirds of the population watch West German TV nowadays.

Given the will I am sure it would be possible to suggest economies equivalent to the planned cuts. This would be a more valuable contribution than the present publicity campaign.

Stephan Schattmann.
86 Wigmore Street, W1.

Employment of graduates

From the Chairman, Statistics Sub-Committee, Association of Graduate Careers Advisory Services

Sir,—As autumn comes we, in the Universities' careers services, look forward to seeing what Michael Dixon will do with the statistics we collect each year on the first destination of University graduates. We all know by now that University-baiting is among Mr. Dixon's favourite pastimes, and we have generally been content to let him have his head. I feel however, that this year's article "Of record importance" (October 23), published at a time when the whole of the education sector is under economic siege, does call for some comment.

These statistics are not intended as a form of public accountability, although I suppose they might be used to assist in such an exercise provided a number of caveats were observed. It would therefore be quite wrong for teachers, parents and intending students to be misled about the excellence or otherwise of any particular institution, or indeed of particular faculties within that institution, on the basis of this "league table" with its crude interpretation of raw data.

In any listing of this nature one recognises there must necessarily be some order of precedence, but the inclusion of categories in groups where they do not belong serves only to distort, not to inform. For instance, as Mr. Dixon himself admits, those who appear in our statistics as being in "temporary employment" are, in many cases, there as a result of a deliberate decision on their part; they may have "a particular purpose in mind." Any analysis of the statistics should therefore show them among "those entering employment" for they are, after all, earning their living and presumably are contributing towards the common weal. To categorise them as being part of what I would term Mr. Dixon's "dustbin" is unhelpful, to say the least.

Again, Mr. Dixon continues to include those "not available for employment" in the same grouping as the "temporarily employed" and the "unemployed." This category is intended to cover those who, for whatever reason, have decided to remove themselves from the employment market, either permanently or in the short-term. In some Universities the incidence of such individuals is higher than in others, but in any case it should not be viewed in a pejorative sense. In sum, therefore, it might reasonably be argued that there is a considerable margin of confusion in the table as presented, inasmuch as two of the constituent sets of figures included should not really be there at all!

Your readers may be further confounded as Mr. Dixon has once again failed to make any distinction between the technological Universities and the more traditional institutions. Given the prevailing employment situation it would indeed be surprising if the arts graduate experienced no more difficulty than the engineer in obtaining a job. (The difference in 1978 was a level of unemployment up to December 31 among all "batchelor-level" arts degree graduates of 5.6 per cent, against 1.8 per cent for engineering and technology, and an average for graduates of all disciplines of 4.2 per cent.)

It is of course right that the Universities — along with all other groups in the public sector—should be accountable for the resources they consume. Any attempt, however, to render that account on the basis of the arguments put forward by Mr. Dixon would serve only to confuse and not to enlighten.

B. E. Steptoe.
Careers Advisory Services,
University of London.
50, Gordon Square, WC1.

Investing in South Africa

From Mr. P. Wilson

Sir,—The appeal from a black South African businessman for help from foreign businesses (October 31) provides an opportunity to rethink foreign business policy in South Africa. If British businesses are to remain in South Africa in spite of increasing pressure to withdraw, while continuing to trade profitably they will have to make a more positive contribution to economic and social development than they have in the past.

A more active role will have to extend beyond paying mere lip-service to equal opportunity. Besides integrating management at all levels, British businesses will have to pursue a discriminatory policy in favour of blacks even outside the business if black businessmen are to gain their rightful place in the economy. Such a policy must involve blacks in their own businesses if the fruits of economic growth are to be shared equitably.

What can be done? In the UK some bold steps have been taken by large firms in recent years to help small firms, and there is an equally strong case for extending some of these initiatives to black businessmen in South Africa. Examples include special financial and advisory assistance provided by the banks, together with a rethink on criteria for assisting small firms: the promotion of economic development in our decaying inner city areas by large firms: and the support from large firms for small business management education and research.

British business can fundamentally shift the balance of economic opportunity to blacks by pursuing such initiatives, particularly now that the South African economy appears to be growing more rapidly. Even a passive policy of favouring black suppliers (the U.S. has such a programme) and extending more lenient credit terms to black clients can open up opportunities at little cost.

History proves that the trickle-down approach to development is ineffective in a plural economy. British business can make a contribution to correcting the imbalance of opportunity in South Africa.

Peter Wilson.
Institute of Small Business,
London Business School.
Sussex Place,
Regent's Park, NW1.

Dipping into the fund

From Mr. S. Glanfield

Sir,—Several highly respectable insurers are now offering pension contracts for controlling directors and allowing the client company to borrow back 50 per cent of the pension fund with few questions asked.

Of itself this is not an abuse but clearly trustees should only be prepared to accede to requests for loans on purely commercial terms, i.e. with adequate security and having assured themselves of the purpose of the loan and the ability of the company to service and repay the debt. It would appear some insurers propose to ignore this, one even saying that as a "pensioner trustee" they need take no part in investment decisions. Perhaps the responsibility of trusteeship fails to impress because it is the pension fund, not the insurer, which would meet any loss.

Thanks to the insurers concerned, it will soon be widely assumed that controlling directors can merely dip their hands in the pensions till whenever they wish. As the whole justification for the generous tax reliefs surrounding pension funds is that they involve a deliberate action of saving and hence deferred consumption it is doubtful that the Government will long allow controlling directors to both have their cake and eat it. I would like to express strong disapproval of present activities in this sphere, which merely incite Government reaction, to the detriment of all schemes of this nature.

Stephen G. Glanfield.
Antony Gibbs Pension Services.
Standard House,
Bonhill Street, EC2.

Computer market

From the Chairman of the Board International Business Machines Corporation.

Sir,—Your October 23 article "Computers market changing" attributes to me the prediction that over the next several years IBM would "earn up to 50 per cent of its revenues from program products rather than from medium to large scale computers." I have never made such a statement.

Frank T. Cary.
Armonk,
New York 10504.

No growth areas

From Mr. L. Partridge.

Sir,—I gather from Government policies that inflationary pressures exacerbated by lack of growth in the economy are best dealt with by counter-inflationary measures leading to lack of growth in the economy.

L. A. Partridge,
72 Eastfield Avenue, Bath.

Today's Events

GENERAL

UK: Confederation of British Industry's two-day annual conference opens. Birmingham town hall.

Mr. David Howell, Energy Secretary, speaks at Coal Industry Society lunch, London.

Lorry drivers' one-day strike against introduction of tachograph ("spy in the cab").

Transport and General Workers Union opencast contracting companies delegates discuss industrial action over pay offer.

BL pay talks resume for three days, Coventry.

NUJ appeal against Express Newspapers injunction, House of Lords.

Annual shipbuilding industrial conference of the General and Municipal Workers' Union, London.

Ladbrokes appeal against refusal of South Westminster Magistrates to renew four London casino licences. Knightsbridge Crown Court.

Church of England general synod opens. Church House, Westminster (until November 9).

Fast Food Fair conference and exhibition opens, Brighton (until November 7).

Overseas: U.S. Treasury offers DM 2bn worth of 2½ and 3½ year notes to West German residents.

Last day of EEC-Comecon talks, Moscow.

European Parliament discusses budget, Strasbourg (until November 7).

Conference on solidarity with Arab people continues, Lisbon.

Pope John Paul convenes special meeting of College of Cardinals, Rome (until November 8).

PARLIAMENTARY BUSINESS

House of Commons: Second reading of the Education (No. 2) Bill.

House of Lords: Protection of Official Information Bill (HL), second reading. Short debate on steel industry in Scotland.

OFFICIAL STATISTICS

Wholesale price index numbers (October—provisional). Retail sales (September—final). Hire purchase and other instalment credit business (September).

COMPANY MEETINGS

See Financial Diary on page 23.

Fairey suitors pushing for quick decision

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

COMPANIES INTERESTED in buying the State-owned Fairey group are putting pressure on the Department of Industry to persuade the National Enterprise Board to sell it off quickly. So far, neither the NEB nor Fairey have shown any signs that they want a quick sale.

Senior management at Fairey is anxiously striving to see that the group, if it is to be sold off, goes to a company which will buy the whole group and has every intention of keeping the undertaking intact. The chairman of Fairey, Mr. Angus Murray, who was appointed by the NEB when Fairey was taken into its portfolio nearly two years ago, has always maintained that he would prefer the group to have a public flotation. Ideally, this would not have occurred for another two or three years when Fairey had had a chance to establish a good profit record.

But the Government's requirement that the NEB raise £100m from the sale of assets by next spring means that the sale is likely to come in the next few months. However, Sir Leslie Murphy, chairman of NEB, has said he will adhere to the NEB's current statutory role until it is changed by the enactment of the new Industry Bill. In this role, the NEB is only able to sell off companies if it is in the commercial interests of the companies concerned.

The Fairey situation is therefore presenting a problem for the Department of Industry. If Sir Leslie decides that Fairey should not be sold off just yet, the Department cannot ignore the fact that selling it to a private bidder would almost certainly raise more money than a public flotation. In fact, the current level of the Stock market, and particularly of the engineering sector, means that Fairey's preference of being brought to the market is highly unlikely to be realised at this stage.

Companies which are showing an interest in Fairey include some of those which wanted to buy parts of the group two years ago, when Fairey was in the hands of the receiver. Trafalgar House was the only company at the time that was prepared to take all the group, which includes interests in military engineering, patrol boats, hydraulics and filtration equipment. As well as Trafalgar, other companies now interested are thought to include Vickers, Dowty and at least two from overseas.

Alternatives to Fairey being sold unwillingly are being discussed at the moment. They include that of selecting a buyer which would give strict guarantees that management would not be changed and there would be no break-up of the companies in the group: another possibility requiring further investigation is that Fairey could be sold now for a particular price reflecting the current value of the group, which could be topped up at a later stage depending on Fairey's performance. The NEB would retain some interest until the final payment.

Or the sale could be delayed until just before the time that the NEB is required to have realised its £100m in the hope that the stock market would be in better shape. This would enable Mr. Murray to fulfil his desire that employees at Fairey should have a chance to take a stake in the equity.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Associated British Foods, Chesterfield Properties, Electrocomponents, Kwik-Fit (Tyres and Exhausts), Ropner Holdings, Shiloh Spinners.

Finals: C. H. Beazer, British Car Auctions, Cedar Investment Trust, Henshier (Furniture Trades), Lucas Industries.

FUTURE DATES

Interims—	
Allnatt London Properties	Nov. 8
Beales (John)	Nov. 15
Braby Leslie	Nov. 21
Cater Ryder	Nov. 8
Chapman (Balham)	Dec. 11
Foster (John)	Nov. 16
Gieves	Nov. 9
Johannesburg Consolidated	Dec. 6
M K Electric	Nov. 19
Morgan Crucible	Dec. 6
Northern Goldsmiths	Nov. 12
Racal Electronics	Dec. 6
Term-Consulate	Nov. 6
Finals:	
Allied London Properties	Nov. 6
Devenish (J. A.)	Dec. 5
G.R. (Holdings)	Nov. 8
Jenks and Cattell	Nov. 7
Northern American Trust	Nov. 16
Safeguard Industrial Invest.	Nov. 8
United City Merchants	Nov. 7

FT Share Service

The following securities have been added to the Share Information service appearing in the Financial Times:

Arcata Corporation (*Section*: Overseas—New York).

Haoma Gold Mines (*Mines*—Australia).

North West Mining (*Mines*—Australia).

OGEM (Overseas—Amsterdam).

Quest Automation (*Electricals*).

Ashley Ashwood

Mr. Garry Weston, chairman of Associated British Foods, who is due today to report the group's half yearly results.

Procor UK advances at midway

SALES AND rental income of **Procor (UK)**, a subsidiary of Trans Union Corporation of the U.S. expanded from £2.23m to £5.01m, and taxable profits rose to £408,000 for the first half of 1979, compared with £110,000.

Income and profit included £1.44m (£1.2m) and £307,000 (£210,000) respectively from Rochester Instruments' Systems, which was received from the parent company on January 1, 1979.

Pre-tax profit of Procor for the whole of 1978 was £191,000 from £4.94m sales and income.

The directors of this manufacturer and repairer of railway wagons say that while both income and profits have grown, escalating costs in the engineering industry have eroded profits within Procor.

Nevertheless, they anticipate that the trend will be reversed over the rest of 1979, and that at Rochester it will continue.

EAGLE STAR BID FOR SUNLEY

Eagle Star Holdings made its agreed offer for **Bernard Sunley Investment Trust** late on Friday night. The insurance group is to offer 630p cash or the equivalent in 10½ per cent unsecured loan notes 1985.

But before the deal goes through the Sunley family has agreed to buy the construction business for £3m (including £1m gross dividend). This effectively reduces the net cost of the bid to Eagle Star by 18p to 612p.

New brokers for House of Fraser

HOUSE OF FRASER, the department store group in which Lonrho holds 30 per cent, has changed its brokers.

Mr. G. Willoughby, one of the directors, confirmed that the company had moved its brokerage from Grieveson Grant to Cazenove and Carr Sebag. The notion for the change and for joint brokers came from the House of Fraser directors on the Board, he said, and not from the Lonrho representatives, although the latter recommended Carr Sebag, which is also broker to Lonrho.

"We wanted to widen the institutional facilities," Mr. Willoughby said. The move had nothing to do with Grieveson's earlier relationship with Scottish and Universal Investments, which Lonrho took over during the year.

New travel insurance cuts child premiums by 50%

BY ERIC SHORT

A 50 PER CENT reduction in premium rates for children under 16 is one of the new features in the latest version of Travelsurance—the travel insurance policy issued by J. Perry and Co. (Holiday Insurances). This reduction applies for cover in all areas, provided the child is travelling with an adult insured on the same certificate.

The new version of the policy also includes options to increase medical and emergency expenses cover up to £50,000—the highest-ever figure to be offered on UK travel insurance. This move reflects the growth in low-priced flights to the U.S. and a consequent increase in visitors to that country from the UK. A number of tourists have been inadequately insured against the exceptionally high cost of medical treatment in the U.S.

Up to now, most travel policies have only provided cover for medical expenses up to £6,000. The new limit should be adequate even in the U.S.

The basic Travelsurance policy includes standard medical expenses and the limit for these in the new policy has been increased to £7,500 worldwide. The £50,000 cover is available for an additional premium of £10.20. Most of the benefit limits of the policy have also been improved.

The premiums for the basic cover vary according to destinations. The cost of the basic unit for cover over a period between 11 and 17 days is £3.30 for the UK, £5.90 for Europe and £14.80 worldwide.

Group reductions are available amounting up to 15 per cent on standard premiums. Extra units of selected cover can be added to the basic policy and the premiums for these extras have been lowered, in the new version.

A special feature of the policy is the availability of cover against delay from strikes at airports.

Travelsurance is underwritten at Lloyds.

Bridgewater Inv. deficit rises—rights issue plan

A RIGHTS issue to raise £0.4m is being proposed by **Bridgewater Investment Trust**, a subsidiary of Sagest SA, a Swiss financial holding group.

Bridgewater's share quote has been suspended since July 27 following the announcement of the acquisition of two television rental companies, Ascot TV Rentals and Concorde TV Rentals, for £35,000 cash.

The rights issue will be on the basis of two-for-three and will be underwritten, a spokesman said. The proceeds will be used to continue the company's expansion programme, he added. Further details will be announced on November 12.

The company also announces an increased pre-tax loss of £103,073 for the year ended September 30, 1979, against a deficit of £9,488. Gross income increased from £42,038 to £167,046. For the second half the loss was £14,763 and gross income £208,768.

Once again there is no dividend payment.

The spokesman attributed the increased loss to "a cleaning up operation."

It has appointed as sole underwriting agent the Fremont Underwriting Management Company of Lime Street, EC3. Mr. Geoffrey Wrightman is underwriter for the agency.

FREMONT INSCE.

Fremont Insurance Company (UK) has been granted authorisation by the Department of Trade to underwrite all classes of non-life reinsurance. The company has a paid up capital of £2.5m and is a wholly-owned subsidiary of Fremont General Corporation of Los Angeles.

Parker Knoll looks for more

Parker Knoll, the furniture manufacturer, is looking for a profits improvement. Mr. M. H. T. Jourdan, chairman, told the annual meeting that he expected the first half surplus to exceed substantially last year's record £2.53m.

He added that profit in all divisions was well ahead of last year's. Production of the furniture side continued at a high level, but if this was to continue the order intake would have to improve.

Orders received in the textile division and Raymakers were higher than the previous year's, said Mr. Jourdan.

SHARE STAKES

Winston Estates — Priestgate Trust is now the owner of 386,500 shares (6.96 per cent).

Alexander Howden Group—C. L. R. Hart, director, disposed of 25,000 shares at 94p, leaving holding 578,576 shares. W. N. Irby, director, on October 30 acquired 75,000 shares at 92½p, making holding 93,362 shares.

Walter Duncan and Goodricke—Lawrie Plantation Holdings now holds 806,678 shares (46.09 per cent).

Fundinvest—Edinburgh Investment Trust has purchased a further 55,000 capital shares and now holds 532,500 (8.39 per cent).

Francis Sumner Holdings—Mr. N. Davis, director, notifies that Louis Flower, a family investment company, of which he is also a director, has purchased 175,000 shares and now holds 1,535,000 shares.

Scottish United progress

NET taxed revenue of Scottish United Investors rose from £1.33m to £1.65m in the nine months to September 30, 1979.

Net asset value per 25p share, including investment currency premium, advanced from 78.2p to 85p.

The company has already paid a net interim dividend of 0.7p. Last year's total net revenue was £1.75m and the dividend was an adjusted 1.5p.

Gross revenue for the nine months was £3.78m (£3.29m).

Schroder Life premium growth

SUBSTANTIAL GROWTH in regular premium life business in the year to October 31, 1979, is reported by the **Schroder Life Group**, the wholly owned subsidiary of Schroders, the merchant banking and investment group. New annual premiums at £3.5m were 75 per cent higher than the previous year's sales of £2m.

Pensions business proved extremely buoyant over the period accounting for more than one-third of the annual premium business. Mr. Robert Taylor, managing director of Schroder Life, says the Executive Pensions Plan continued to prove exceedingly popular. In the individual life sector, maximum investment plans and other savings schemes showed steady growth.

However, single premium business over the period fell substantially from £14.27m to £11.75m, reflecting a fall in guaranteed income bond sales. The company, which is a member of the Life Offices Association, took the decision not to compete in this market where high yields offered by other life company income bonds relies very heavily on tax relief. There is at present considerable controversy over the design of such plans.

Linked bond business remained buoyant, with sales of around £4.5m. The property fund proved most popular with investors as a savings medium, and there was also steady investment in the managed fund.

SKANDIA UK

Skandia UK Insurance Company, a wholly-owned subsidiary of the Skandia Group of Stockholm, has increased its capital to £2m by the creation of 1m ordinary shares of £1 each, subscribed in cash by the parent company.

In addition there is also a share premium reserve of £125,000.

INTERNATIONAL BONDS BY NICHOLAS COLCHESTER AND FRANCIS GHILES

A D-Mark toe in British waters

The planned placing on the London market of DM 100m of bonds for the European Investment Bank is not a financing operation of great magnitude by the standards of the international capital market, but it is of significance for London as a financial centre and has ruffled a few feathers in West Germany as well.

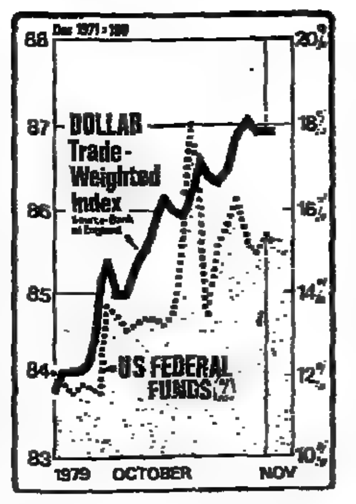
The issue is a small test of the British investing institutions' appetite for foreign currency investment which may have been unleashed by the ending of British exchange controls. The portfolios of UK life insurance companies are now worth £40bn and those of British pension funds £31bn. Each of these categories of fund is currently investing cash at a net rate of £4.6bn a year. They have, of course, been investing a little of this hefty cash flow abroad for some time. But the EIB placing markets the first time that the City's domestic new issue apparatus is being geared up to sell them a foreign currency bond.

The placing is being lead-managed by the BHF Bank of Germany and co-managed by Morgan Grenfell at the London end. Cazenove is the broker to the issue, which is underwritten by London merchant banks. The majority of the issue will be placed with British institutions—mainly pension funds—but BHF will also be placing a proportion itself, and one per cent is being offered to the jobbers (dealers) on the London Stock Exchange as the Exchange's rules demand.

The coupon for ten years is provisionally set at 8½ per cent and this must be seen in context of a selling group commission of only ½ per cent compared with the normal selling commission on a D-Mark private placement of 1¼-1½ per cent. The management and underwriting fees are a more normal ⅜ per cent and ½ per cent respectively. If the placing goes ahead as planned, the EIB will thus, with a D-Mark issue, achieve the narrowing of commission costs for which it has long campaigned in the dollar sector of the market.

In Germany, the news of the placing caused something of a stir. BHF Bank had notified the German capital market subcommittee of the EIB issue, which was delayed by the poor condition of the D-Mark bond market, but it seems that the full novelty of the issue had not been spelt out. German banks reacted with a mixture of anger and glee. Deutsche Bank, the doyen of the German banks and an established lead manager for the EIB, made it clear that it was strongly opposed to the placing, while some of its smaller competitors were clearly amused by the development.

For the City the issue involves a novel blend of the features of British and international securities. The institutions must subscribe in D-Marks payable in Frankfurt. They will receive bearer bonds carrying D-Mark coupons. They will be able to cash these "gross" with BHF in Frankfurt or "net" with Morgan Grenfell. Two markets in the bonds will be made in parallel—on the London Stock Exchange by two jobbers and on the established Euro-bond telephone market by at least two banks.



For the EIB, whose bonds are already ubiquitous, the placing taps a new source of cash where EIB paper is still a rarity. For the British pension funds it offers a long term investment bearing a "real yield" of 3 per cent, and a foretaste of what may follow in dollars, guilders and other currencies.

The secondary market in D-Mark bonds was much firmer last week and prices reacted neither to the rises in the German discount and Lombard rates nor to the news that the first tranche of the new issue of Carter Bonds, amounting to DM 2bn, would be offered today. Both factors had already been discounted.

But the Dutch guilder sector weakened fractionally last week in the wake of the rise of the Dutch discount rate and the Fl 50m issue for Centrale Rabobank had to be halved in size because of the lack of investor demand.

The greater stability of U.S. interest rates and the dollar last week helped to attract borrowers back into the new issue market for dollar bonds: however the volume of new offerings remains at $150m, very small and all the paper is in floating rate form.

According to Orion Bank's calculations, reflows of principal and interest on outstanding dollar bond issues to the year end amount to nearly $2.5bn, of which $1.4bn will occur during December. This is the highest figure ever over a two month period, yet few dealers believe that more than a fraction will be put back into the Eurobond market.

Trading activity was at a low ebb throughout last week with prices remaining firm. The only objects of investor demand are floating rate notes, in particular those issues which have just had, or are about to have, their coupons readjusted. In most cases, prices of recently issued FRN's have not risen strongly but dealers now say that the paper is moving off manager's books into investors portfolios.

In the Yankee bond market, the proposed $200m issue for the EEC was cut by the lead manager, Morgan Stanley, to $90m and the pricing was put off until this week. However Salomon Brothers is to lead a two-tranche $200m Yankee for Sweden.

With interest rates rising in West Germany and Holland, the low yields available to investors on Swiss Franc foreign bonds are looking increasingly unattractive. Heavy selling pressure developed in this sector last week and all the new straight issues offered have not been covered by subscriptions. This led the three big Swiss banks to reschedule the launching of all their issues.

The two most recent issues for prime quality names fell to heavy discounts during their first days of trading last week. The bond for the World Bank shed 4½ points on the week while the issue for Finland closed four points down on its issue price of 99 last Friday.

Yields of up to 5.41 per cent are now available on prime quality long term paper in this sector, a rise of 100 basis points in less than four weeks. However, the jump to what investors can obtain on similar quality and maturity paper in the other major hard currency sector remains considerable: 12 years World Bank paper yields 8.24 per cent denominated in Deutsche Marks against 5.14 per cent denominated in Swiss Francs.

Objections on political grounds led to a change in the planned leadership of Banco Nacional de Cuba's SwFr 30m floating rate note, the first ever international bond for a borrower from this country. Banque Gutzwiller, Kurz, Bungener was dissuaded from acting as lead manager for this issue by its major shareholder, Banque Leu. The Zurich-based subsidiary of the London merchant bank, Singer and Friedlander has taken over the position of lead manager.

The final decision on when to launch this 12-year issue will be taken this week: the borrower is expected to pay a coupon of ⅜ per cent over the six month Swiss interbank rate with a minimum coupon of 5 per cent.

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life Years	Coupon %	Price	Lead Manager	Offer yield %
U.S. DOLLARS							
††EEC	90	1999	13.02	*	*	Morgan Stanley	*
**†British Airways (g'teed UK)	100	1991	8.5	—	*	Orion Bank	*
†Co-operative Bank	25	1986	7	6	100	London & Continental	6.090Φ
†Bank of Ireland	50	1989	10	5¼Φ	100	Morgan Grenfell	5.390Φ
†Bergen Bank	25	1989	10	6Φ	100	CSFB, Bergen Bank	6.183Φ
**†IBJ Finance Co. NV	50	1987	8	5¼Φ	100	Morgan Stanley	5.319Φ
††Sweden	100	1984	5	*	*	Salomon Bros.	*
††Sweden	100	1999	13	*	*	Salomon Bros.	*
D-MARKS							
**EIB	100	1989	10	8½	100	BHF Bank	8.5
SWISS FRANCS							
‡Council of Europe	100	1989	—	5	100½	Banca del Gottardo	4.968
‡§**Marubeni	30	1985	—	4¾	100	UBS	4.679
GUILDERS							
‡Centrale Rabobank	25	1984	5	9	99½	Centrale Rabobank	9.129

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. Φ Minimum. § Convertible. †† Registered with U.S. Securities and Exchange Commission. ¶ Purchase fund. || Optional fixed rate. Note: Yields are calculated on AIBD basis.

U.S. BONDS BY DAVID LASCELLES

Untrusted signposts

IT IS NOW exactly a month since the Federal Reserve produced its credit package, but the U.S. capital markets have still not recovered their composure. Interest rates continue to edge upwards, and prices react sharply, often unpredictably, to the smallest piece of news. The main point of interest this week is whether the completion of the Government's quarterly refunding on Thursday has cleared the air for more positive trading.

The markets do, however, have a tricky task. Usual signposts like the Fed funds rate and the money supply have become either meaningless or discredited. As a result, the atmosphere in the trading rooms is much more sensitive to news and rumour. But the news keeps bringing conflicting evidence on such key questions as the state of the economy and prospects for the Fed's credit policy.

Last week, for instance, brought a rise in the unemployment rate, but also a surge in new factory orders. Sales of cars and consumer goods weakened, but the leading economic indicators continued to rise. And while bank reserves are still increasing, the longer term growth of the money supply has eased off. So while most economists agree that a recession must be in the offing, few are willing to call its timing or severity.

A better picture of the economy would give the market an idea of the likely strength of loan demand in the coming months. But it would also determine the extent to which the Fed will be able to pursue its tight credit policy. Mr. Paul Volcker, the Fed chairman, has frequently touched on the strength of the economy to justify the severity of monetary restraint. Should the economy weaken, though, he is bound to come under political pressure to ease up.

In fact, there were already signs last week of Washington's concern about the possible effect of high interest rates, when Mr. Reuss, the chairman of the House Banking Committee, took the highly unusual step of asking Citibank not to increase its prime rate last Friday. Citibank usually bases its prime on a formula using the cost of funds, and this formula called for a 16 per cent prime. Citibank refused to give Mr. Reuss any promises, but it did, nevertheless, hold off a prime rate increase.

Although the current 15¾ per cent prime has widened the spread between that rate and the discount rate to more than 3 per cent, it seems unlikely that the Fed will push the discount rate higher solely for that reason. The view appears to be gaining ground that the Fed would prefer to ration credit through the discount window, thus avoiding highly visible rate increases and concommitment political displeasure.

Many economists believe, though, that with or without intervention, market pressures will push interest rates higher still, and that while this view persists, corporate borrowers may yet decide to come to the market sooner rather than later.

EUROCURRENCIES BY JOHN EVANS

Borrowers market lives a little longer

Those Euro-bankers who have been wary of last month's Volcker monetary package creating the basis for tighter international credit conditions in the Euromarkets, killing off the "borrowers market," find challenging reading in two current reports.

Both analyses, from the Organisation for Economic Co-operation and Development (OECD) and Chase Manhattan Bank respectively, foresee a broad continuation of existing trends in the Euromarkets.

The OECD believes that as higher prices create larger OPEC payments surpluses, the supply of funds to the international financial markets should be more than sufficient to cover the needs for external financing without "a general tightening of terms (on syndicated loans) taking place."

It forecasts that total borrowing in the international capital markets this year—both bonds and credits—should reach $110bn compared with the 1978 total of just over $101bn.

While 1980 is likely to see larger balance of payments deficits around the world, total new borrowing should not expand much as increased recourse will probably be made to the running down of ample foreign exchange reserves, the OECD says. Increased lending by the IMF is also possible next year.

Additionally, the OECD does not see any noticeable lessening of competition between banks, as the international activities of foreign branches of U.S. banks remain largely untouched by the Volcker measures.

Chase Manhattan, in a survey of Euromarket growth, indicates its belief that the share of Eurocurrency lending captured by U.S. banks may rise in 1980 for several reasons.

Certain competitors, particularly the Japanese banks, may be less active and the impact of the new U.S. margin reserve requirements "will provide profit incentives for U.S. banks to turn to the international markets."

Chase predicts that the size of the gross Eurocurrency markets will pick up during the second half of this year, reaching $1,075bn by the year-end compared with $892bn at end-1978. It should then expand a further 20 per cent to $1,300bn in 1980.

The net size of the market, ignoring the double-counting of bank positions, should rise to $850m this year and $790m next year—compared with $535m in 1978.

What Chase believes to be an even more significant indicator—lending to private non-banks—will grow, it is thought, comparatively slowly, by around 10 per cent in 1980 to $360m, compared with $320m this year. Lending to public authorities, which grew less than 15 per cent in the first half of 1979, could accelerate in 1980, possibly to 40 per cent, the bank forecasts.

Underlying this overall Euromarket growth slower than the 30 per cent spurt recorded in 1978 is the fact that the higher short-term interest rate policies now being pursued in the U.S., Germany and elsewhere will tend to depress Euromarket expansion.

The U.S. determination to defend the dollar makes unlikely the rapid growth of Euromarkets that another dollar depreciation would introduce. Another factor favouring slower Euromarket growth is the projected slowdown in the pattern of world trade in 1980.

Chase agrees with the OECD that surpluses from the oil-exporting countries will have a major impact on the growth of the Euromarkets, which will capture a large share of OPEC short-term funds.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	50	85½	86½	+0¼	+1½	12.56
Alex Howden XW 9½ 91	30	78	78	0	0	13.61
Australian Res. 9¾ 84	30	92	92½	+0¼	+0¼	11.82
Avco O/S Cap. 10¾ 87	40	83½	84¼	+0½	+0¼	13.79
Beneficial Fin. 9¼ 87	100	87⅞	88⅜	−0⅛	+0¼	12.19
CECA 10¼ 91	150	87⅛	87⅝	0	+0¼	12.87
CECA 9¾ 99	[illegible]	80⅝	81⅛	0	−0¼	12.73
Canadian Pacific 9¾ 89	50	88¼	88¾	−0⅛	+0¼	11.70
Carter Hawley 9¾ 88	50	88¼	88¾	−0⅛	+0¼	12.32
Comalco Inv. E. 10¼ 91	40	88½	89	0	+0¼	12.07
Continental Grp. 9⅝ 86	100	88⅜	88⅞	−0¼	−0⅛	12.13
Dome Petroleum 10 94	50	87⅛	87⅝	0	−0¼	11.83
Dominion Bridge 10¼ 84	30	91½	92	−0½	+0¼	12.67
Dow Chem. O/S 9¾ 94	200	85⅝	86⅛	−0⅛	+0⅛	11.66
EIB 9⅞ 87	150	90⅝	91⅛	+0⅛	+1½	12.04
EIB 10 99	150	88¼	88¾	0	+1	11.72
EIB 10¼ 87	100	91¾	92¼	0	+1½	12.12
EIB 10.15 99	100	89⅞	90⅜	−0⅛	+0¼	11.79
Export Dv. Cpn. 9¾ 84	100	91¼	91¾	−0⅛	−0¼	11.89
Export Dv. Cpn. 9¾ 84	150	92½	93	0	+0½	11.26
Finland 9½ 86	[illegible]	89¼	89¾	+0¼	0	12.04
Finland 9¾ 89	100	86⅜	86⅞	−0⅛	+0¼	12.35
GTE Finance 9½ 84	50	89½	90	0	+0⅛	12.68
GTE Finance 9¾ 89	85	85¾	86¼	−0¼	+0¼	12.18
General Motors 9⅜ 85	100	88⅜	88⅞	−0¼	+0¼	11.73
Gould Int. Fin. 9⅞ 85	50	89⅞	90⅜	0	+1½	12.35
Hudson Bay Co. 10 94	[illegible]	88¾	89¼	0	+0⅛	11.69
ITT Antilles 9½ 89	75	86⅝	87⅛	−0⅛	+0⅛	11.89
Kennecott Int. 9⅞ 86	100	86¼	86¾	−0⅛	+0¼	12.78
Manitoba 9½ 89	75	87⅛	87⅝	−0⅛	+0¼	11.72
Michelin 10 94	125	87¾	88¼	0	+0⅛	11.73
Nat. Des. Telecm. 9½ 86	100	89¼	89¾	+0⅛	+1	11.82
New Brunswick 9¾ 94	75	86¼	86¾	0	+0⅛	11.74
Newfoundland 10 94	50	87⅝	88⅛	−0¼	+0¼	11.77
Norges Komm. 9⅞ 99	100	88½	89	+0¼	+1½	11.64
Norway 9½ 84	150	92½	92¾	−0⅛	−0¼	11.74
Nova Scotia Pwr. 9¾ 89	50	87¾	88¼	+0⅛	+0⅛	11.90
Occidental Fin. 10¾ 84	50	90⅛	90⅝	0	+2	13.13
Orient Leasing 9½ 86	25	88⅜	88⅞	0	+0¼	12.11
Pennwalt O/S F. 9¾ 84	25	90⅞	91¼	0	+0⅛	12.40
Pepsico Cap. 9¼ 84	100	91½	92	−0⅛	+1⅛	11.75
Quebec Hydro 10 99	75	88⅜	88⅞	0	+0⅛	11.46
Sears Roebuck 9 82	150	92⅞	93⅜	−0⅛	−0⅛	12.59
Statoil 9¾ 89	100	87⅞	88⅜	0	+0⅛	11.71
Stockholm 9¾ 94	60	88¼	88¾	0	+0⅛	11.72
Sweden 9¾ 89	100	88⅜	88⅞	+0⅛	0	11.73
Sweden 9½ 86	200	89⅞	90⅜	+0⅛	+0⅛	12.06
Sweden 9⅝ 84	100	92⅞	93⅜	−0⅛	+0⅛	11.75
Unilever NV 9¾ 87	100	87½	88	0	+0½	11.73
Warner-Lambert 9 84	100	90⅜	90⅞	−0⅛	+1½	11.69

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 7½ 89	150	94⅛	94⅝	+0⅛	+0⅛	8.37
Asian Dev. Bk. 7¼ 89	100	92¾	93¼	−0¼	0	8.32
Banco Desarrollo 7¼ 86	100	92¾	93½	+0⅛	+0⅞	8.69
Barclays O'seas 6¾ 89	100	93⅝	94⅛	−0⅛	+1	7.65
Brazil 8 87	150	95⅞	96⅜	−0⅛	+0½	8.70
CECA 7 91	150	93⅜	93⅞	+0⅛	−0⅛	7.87
Council of Eur. 7¼ 89	100	95¾	96¼	0	+0⅛	7.83
Danmark 5¾ 85	100	90⅛	90⅞	0	+0½	8.03
Denmark 6½ 89	100	89¾	90½	−0⅛	+0⅛	8.05
EIB 7½ 89	200	97⅜	98⅛	−0¼	−0¼	7.83
Eletrobras-Brazil 7 87	100	93¾	94¼	0	0	8.12
Eurofima 6½ 89	100	94⅝	95⅛	0	+0⅛	7.25
Kobe, City of 7⅛ 89	150	94¾	95¼	−0⅛	+0⅛	7.87
Mitsubishi Chem. 6½ 84	70	94½	95¼	−0⅛	0	7.88
New Zealand 7¼ 87	200	95¼	95¾	−0⅛	+0⅛	7.91
Nippon Kokan 6½ 84	100	94¾	95½	+0⅛	0	7.83
Nippon Tel. & T. 5½ 87	100	86	86¾	+0⅛	−0⅛	8.05
Norges Komm. 7¾ 91	150	99¼	100	0	+0⅛	7.79
Norway 6⅛ 84	200	94⅞	95⅜	+0⅛	−0⅛	7.54
OKB 6 87	40	†91½	92½	0	−1⅛	7.46
OKB 7⅛ 89	100	97	97½	−0½	+0⅛	7.78
Petrobras 8 89	125	†95⅝	96	−0⅛	+0⅛	8.67
Tokyo Elec. Pwr. 6½ 85	200	93½	94⅛	0	−0⅛	7.93
World Bank 7⅛ 91	400	95⅞	96⅞	−1⅛	−1⅛	8.24

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	99	99½	0	−0⅛	6.62
Aumar 5 89	60	98½	98¾	−0½	−2⅛	5.18
Australia 3⅝ 89	250	93¼	93¾	0	−1¼	4.52
Bergen, City of 4¾ 91	40	95½	96	−0⅛	−4⅛	5.24
BNDE 5 89	75	90⅛	90⅜	0	+3½	6.37
BMW Overseas 4¾ 91	100	96	96½	−0¼	−1⅞	4.67
Caisse Nat. Tele. 4¾ 89	100	96¼	96¾	−0½	−2⅛	4.86
Canada 3⅝ 89	300	94⅛	94⅝	+0⅛	0	4.35
Copenhagen 4½ 91	80	96½	96¾	+0½	−1⅛	4.88
EIB 4½ 91	100	†95	96	+0½	−0¼	5.02
EIB 4¾ 94	100	†95¼	95¾	0	−2⅛	4.79
Elet. de France 4¾ 89	100	96⅜	96⅞	0	−1⅞	4.80
GZB 4¼ 89	100	93⅝	94⅛	−0¼	−1⅛	6.05
ICI Fin. NV 3½ 94	230	86⅞	87⅜	0	−1⅛	4.76
Int.-Amer. Dev. 4½ 89	100	91¾	92¼	−1⅛	−4	5.58
Malaysia 5 89	80	93¼	93½	−0⅛	+0⅛	5.90
New Zealand 3½ 94	120	83¼	83¾	−0¼	−2⅛	5.17
Nippon Tel. & T. 4¾ 89	100	†96½	97	−0⅛	−2⅛	4.67
Nordic Bank 5 89	45	98⅜	98⅞	−0⅛	−0⅛	5.18
Norges Komm. 4¾ 91	100	94	94½	+0⅛	−1	6.03
OKB 3¾ 91	100	87⅛	87⅝	+0⅛	−0⅛	5.25
OKB 4¾ 91	100	94	94½	−0½	−1⅛	5.03
Pfand Ost. Lande 4 90	60	92	92½	−0¼	−0¼	4.98
Philippines 4¾ 89	50	95	95½	+0¼	0	5.41
Shikoku El. Pwr. 4¾ 89	100	98¾	99¼	+0⅛	−1⅛	4.88
Spain 4 91	100	92¼	93	+0¼	−0¼	4.83
Steweag 4¾ 91	60	[illegible]	99½	−0½	−0½	4.82
Voest-Alpine 4¾ 89	90	99⅜	99⅞	+0⅛	−1½	4.78
World Bank 4¾ 89	100	97⅛	97⅝	−0⅛	+1⅛	4.92
World Bank 4⅜ 89	150	95½	96⅞	−0⅛	−1¼	4.93

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	88⅝	89⅝	+0½	−0⅛	9.02
Australia 6½ 88	20	86	87	0	0	8.36
EIB 7⅛ 89	12	97⅝	98⅛	+0⅛	+0⅛	8.03
Finland 5.6 83	10	88	89	0	−0⅛	9.18
Finland 6.8 88	10	88⅝	89½	+0⅛	0	8.78

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	†95	95½	−0½	−0⅛	10.38
Avco Fin. 10¼ 86 C$	25	87⅞	88½	0	+0⅛	13.02
Bell Canada 10¾ 86 C$	60	92	92½	0	0	12.48
Cr. Foncier 10¾ 84 C$	30	†89¼	90	−0½	+0⅛	13.39
Ex. Dev. Cpn. 10 84 C$	50	92⅛	92⅝	0	0	12.25
Fst. Can. Inv. 10 84 C$	50	91	91½	0	+0½	12.60
Hudson Bay 10½ 89 C$	50	89⅞	90⅜	0	−0⅛	12.30
Quebec 10¼ 86 C$	50	89¾	90¼	0	+1	12.60
R. Bk. Canada 10 86 C$	40	[illegible]	88¼	0	+0⅛	12.40
R. Bk. Canada 10 84 C$	40	83¼	83¾	+0⅛	+0⅛	12.52
Copenhagen 8¾ 91 EUA	25	*98½	99	0	0	8.82
Copenhagen 8¾ 91 EUA	20	*103	104	−0¼	−0½	8.27
SOFTE 8¾ 89 EUA	40	*92½	94	+0⅛	−0⅛	9.34
Algemene Bk. 8¾ 84 Fl	75	96½	97	+0⅛	0	9.09
Amev 8½ 86 Fl	75	96⅜	96⅞	−0⅛	−0⅛	9.17
Ned. Middbk. 8¾ 84 Fl	75	96¼	96¾	0	−0⅛	9.23
Norway 8¾ 84 Fl	100	97	97½	0	−0⅛	9.02
Norway 8¾ 84 Fl	100	96⅜	96⅞	0	0	9.13
Air France 11 84 FFr	120	99¼	100¼	0	+0⅛	11.05
Euratom 9¾ 87 FFr	150	89½	89⅞	−1	−0⅞	12.01
Finland 11 84 FFr	80	96⅝	97⅝	0	+5	11.76
Finland 11½ 89 FFr	70	96	97	−0⅛	−0⅛	12.12
Norway 9¾ 84 FFr	200	†91	92	−0⅞	−0⅛	11.85
PSA Peugeot 9¾ 87 FFr	175	87⅞	88⅜	0	0	12.35
Renault 9¾ 85 FFr	100	91¾	92¼	−0⅛	−0⅛	11.80
Saint-Gobain 9¾ 86 FFr	130	88	89	−0⅛	−0½	12.39
Solvay et Cie 9¾ 87 FFr	125	87⅞	88⅜	−0⅞	−0⅛	12.29
Total Oil 9⅛ 87 FFr	150	86¼	87¼	−0½	−0⅛	12.17
Citicorp 10 93 £	20	84½	85½	0	+0⅛	12.34
EIB 9¾ 88 £	25	81½	82¼	0	−0⅛	13.49
EIB 11½ 91 £	25	88	88½	−0⅛	+0⅛	13.53
Finance for Ind. 13 91 £	15	94⅝	95⅛	−0⅛	−0⅛	13.86
Fin. for Ind. 12½ 89 £	20	92	92½	−0⅛	−0⅛	12.95
Gen. Elec. Co. 12½ 89 £	50	92⅞	93⅜	−0⅛	−1⅛	13.79
Indonesia 8¾ 91 KD	7	*†94½	95	0	0	9.50
Mitsubishi 7½ 84 KD	10	*†95¼	95¾	0	0	8.88
Norges Kom. 7½ 89 KD	12	*†93¾	93¾	0	0	8.51
Occidental 8¾ 91 KD	7	*†92½	92¾	0	0	9.34
Akzo 9¾ 87 LuxFr	500	*†96¾	97¾	0	0	9.76
Euratom 8 87 LuxFr	500	*90⅝	91⅝	0	0	9.72
Norges Kom. 8 86 LuxFr	500	*89⅞	90⅞	0	+0⅛	9.85
Oslo, City of 8 89 LuxFr	500	*89	90	−1½	−2	9.74

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
BNDE 6 89	0⅜	*†94⅞	95⅜	21/12	13.38	14.08
Banco di Roma Int. 6 87	0¼	98⅞	99⅜	26/4	15⅛	15.39
Bco. Nac. Argent. 7 86	0½	95¾	96½	22/3	13.19	13.75
Banco Prov. BA 7¼ 86	0½	96⅞	97⅜	12/12	11	11.33
Banco Urquijo 6 86	0¼	97¼	97¾	21/3	13⅜	13.72
Bque. Indo Suez 5½ 88	0¼	97½	97⅞	11/1	11	11.27
Banque Sudameris 6 87	0⅜	95⅞	96⅜	11/1	11⅛	11.57
BNP 5½ 91	0¼	96½	97	22/2	11.84	12.34
Citicorp O/S Fin. 6 94	‡0¼	98⅝	99⅛	8/12	12.81	12.96
Citicorp O/S 83	‡0	99⅜	99⅞	23/11	11.88	11.94
Creditanstalt 5½ 91	‡0¼	97½	98⅛	14/12	12.94	13.18
CNT 5¾ 86	0¼	98¾	99¼	16/4	15.19	15.34
GZB 5½ 89	‡0¼	98½	99	1/11	11.44	11.58
Jugobanka 8 89	0⅞	94⅝	95⅛	23/11	11⅞	12.50
LTCB Japan 5½ 89	0¼	97⅞	98⅜	7/12	11⅛	11.34
Mfrs. Han O/S 5¼ 94	‡0⅛	98⅞	99⅜	23/11	12.58	12.71
Nacional Fin. 6¾ 86	0⅜	96⅛	96⅝	25/1	11½	11.93
Nat. West. 5¾ 94	0¼	97¼	97¾	11/1	14.94	15.34
Nippon Cred. Bk. 6½ 86	0¼	96⅝	97⅛	12/1	10⅞	11.23
Royal Bk. Scot. 5¾ 94	‡0⅛	98⅜	98⅞	11/1	14.94	15.11
Soc. C. de Bque. 6½ 87	0¼	96¾	97¼	3/4	13⅛	13.68
Sogenal 6¼ 89	0¼	95¾	96¼	11/1	10.81	11.20
Sweden 8¼ 91	‡0⅛	97⅛	97⅝	18/1	15	15.40
Texas Int. Airways 7 86	‡0⅛	95¼	95¾	11/1	15.56	16.29
TVO Pwr. 9 91 (D-lock)	0¼	96⅞	97⅜	24/11	11⅛	11.45
Utd. Overseas Bk. 6 89	‡0⅛	97	97½	29/12	12.94	13.31
Williams & Glyn 5¾ 91	0⅛	97¼	97¾	14/3	13.38	13.74
Bq. E. d'Alg. 4⅞ 86 SF	0⅛	95	96	18/12	4⅞	4.45

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7¾ 89	10/79	145	91½	92½	+0¼	−4.14
Alco Int. Fin. 5½ 94	1/80	40	92½	93½	+0¼	15.84
Asahi Optical 7 94	11/79	605	83½	84½	−2⅛	2.41
Canon 6¾ 94	8/79	570	96	97	−0¼	−1.45
Ciba-Geigy O/S F. 4 94	9/79	675	91	92½	+0¼	−0.79
Credit Suisse 4¾ 93	10/79	1325	102½	103½	+0½	0.86
Daiei Inc. 6½ 94	11/79	1020	95½	96½	+0½	13.54
Esselte 7¾ 89	9/79	159	94	95¼	−0¼	4.18
Honda Motor 5½ 89	6/79	532	91⅞	92⅞	−0⅛	−0.04
LPC Internatnl. 8 89	9/79	35	90	91½	+0½	9.38
Meidensha Elec. 7 94	12/79	210	91½	92½	0	16.32
Mitsubishi Co. 6½ 94	10/79	604	137⅞	138⅞	−0⅛	−2.36
Nippon Seiko 7¼ 94	12/79	339	89	90	0	0.86
Nitto Elec. Ind. 6 94	7/79	735	79¾	80¾	−0⅛	7.21
Toshiba Cpn. 7¾ 94	10/79	198	93¾	94¾	+0⅛	15.81
Union Bk. Switz. 5 88	2/80	125	104⅞	105⅞	+0¼	4.58
Fujitsu 5 84 DM	7/79	475	95⅞	96⅞	−0⅛	20.22
Kansai Elec. 4 84 DM	4/79	1350	85⅞	86⅞	−0⅛	65.98
Tokyo Elec. 3½ 87 DM	4/79	476	83⅞	84⅞	0	105.69
Tokyu Ld. Cp. 4 86 DM	4/79	493	77⅞	78⅞	+0⅛	41.39
Uny Co. 6½ 85 DM	11/79	1071	95½	96½	+1⅛	15.91

BONDTRADE INDEX AND YIELD

	Medium term		Long term	
Nov. 2	90.05	10.50	80.51	11.18
Oct. 26	90.29	10.44	80.86	11.11
High '79	95.75	(1/2)	89.99	(30/1)
Low '79	90.05	(2/11)	80.51	(2/11)

EUROBOND TURNOVER (nominal value in $m)

U.S. $ bonds	Cedel	Euroclear
Last week	1,195.3	1,784.2
Previous week	852.4	2,585.5
Other bonds		
Last week	330.2	309.1
Previous week	337.5	384.3

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Arab Company for Trading Securities SAK; Kredietbank NV; Credit Commercial de France; Credit Lyonnais; E. F. Hutton Services SARL; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Bondtrade; Banque Francaise de Credit International; Citicorp International Bank; Daiwa Europe NV; Deltec Trading Company; Dillon, Read Overseas Corporation; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nesbitt Thomson; Salomon Brothers International; Samuel Montagu and Co.; Scandinavian Bank; Strauss Turnbull and Co., Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on November 2

The British Petroleum Company Limited

(Incorporated in England under the Companies (Consolidation) Act 1908. Registered No. 102498)

The Application Lists will open at 10 a.m. on Friday 9 November 1979 and will close at any time thereafter on the same date. At any time prior to the announcement of the basis of allocation the Bank of England may agree with the Underwriters that by reason of a material adverse change in relevant conditions the Offer should not proceed, in which event no allocations will be made and the underwriting agreement will terminate.

The whole of the issued share capital of The British Petroleum Company Limited ("BP" or "the Company"), including the Ordinary Shares now offered, is listed in London on The Stock Exchange. The information given herein with regard to BP and its subsidiaries ("the BP group" or "the group") has been supplied by its Directors. The Directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein, whether of fact or of opinion. All the Directors accept responsibility accordingly.

This Offer is made on the basis of English law, by which all contracts resulting from applications hereunder shall be governed. No person receiving in any territory outside the United Kingdom a copy of this Offer and/or an Application Form may treat the same as constituting an invitation to him nor should he in any event use such Application Form unless in the relevant territory such an invitation could lawfully be made to him without compliance with any unfulfilled registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application hereunder to satisfy himself as to full observance of the laws of the relevant territory in connection therewith, including the obtaining of any government or other consents which may be required or other formalities needing to be observed, and to pay any transfer or other taxes requiring to be paid in such territory in respect of Ordinary Shares acquired by him under this Offer.

THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND
on behalf of
THE LORDS COMMISSIONERS OF HER MAJESTY'S TREASURY

Offer for Sale

80,000,000 Ordinary Shares of 25p each of
The British Petroleum Company Limited
at £3·63 per share

payable: On application—£1·50 per share By 3 p.m. on 6 February 1980—£2·13 per share

Directors of BP

*SIR DAVID STEEL, DSO, MC, TD, *Chairman*
*M M PENNELL, CBE, *Deputy Chairman*
*R W ADAM
‡SIR LINDSAY ALEXANDER, *Chairman*, Ocean Transport and Trading Limited
†‡LORD BARBER, *Chairman*, Standard Chartered Bank Limited
*DR J BIRKS, CBE
SIR CAMPBELL FRASER, *Chairman*, Dunlop Holdings Limited
THE EARL OF INCHCAPE, *Chairman*, Inchcape and Company Limited
†‡T JACKSON, *General Secretary*, Union of Post Office Workers
*C C F LAIDLAW
SIR JAMES MENTER, FRS, *Principal*, Queen Mary College, University of London
‡SIR ALASTAIR PILKINGTON, FRS, *Chairman*, Pilkington Brothers Limited
*J W R SUTCLIFFE
‡M J VEREY, TD, *Chairman*, The Charities Official Investment Fund
*P I WALTERS

**Managing Director*
†*Appointed by HM Government*
‡*Member of Audit Committee*

Secretary and Registered Office
J E WEDGBURY,
Britannic House, Moor Lane,
London EC2Y 9BU

Registrar's Office
BP House, Third Avenue,
Harlow, Essex CM19 5AG

Solicitors to BP
LINKLATERS & PAINES

Auditors of BP and Reporting Accountants
ERNST & WHINNEY

Solicitors to the Offer
FRESHFIELDS

Underwriters

S. G. Warburg & Co. Ltd. — Robert Fleming & Co. Limited — Kleinwort, Benson Limited
Lazard Brothers & Co., Limited — Morgan Grenfell & Co. Limited — J. Henry Schroder Wagg & Co. Limited

Brokers to the Offer

Mullens & Co. — J. & A. Scrimgeour Limited — Hoare Govett Limited
Cazenove & Co. — Rowe & Pitman

In 1977, as a result of public offers for sale in the United Kingdom and in North America, the percentage of the BP Ordinary capital held by HM Government and the Bank of England was reduced from 68·3% to 51%. This Offer will result in such percentage being reduced to approximately 46%. HM Government does not intend to sell any more of its present holding in the Company, nor is there any intention to sell, other than to HM Government, any of the shares in the Company representing the holding acquired by the Bank of England from The Burmah Oil Company, Limited and one of its subsidiaries ("Burmah"), for the foreseeable future. The position of the Bank's holding is in any event subject to the outcome of the litigation referred to under "Ownership of BP".

The issued Ordinary Shares are fully-paid and identical in all respects. The Ordinary Shares are quoted, and the shares now offered will be sold, ex the interim dividend payable on 8 November 1979. Under the Articles of Association of BP voting rights are only available to new holders one month after registration.

No application will be accepted from any person without a representation that the application is not with a view to the making, within any part of or to nationals or residents of the United States of America, its territories or possessions, or within Canada, of any distribution within the meaning of relevant Securities laws.

A Registration Statement incorporating a Prospectus has been filed with the US Securities and Exchange Commission. US nationals and residents are not prohibited from making applications provided that they obtain a copy of the US Prospectus and give the required representation. In the United States copies of the US Prospectus can be obtained from Morgan Stanley & Co. Incorporated, 1251 Avenue of the Americas, New York, N.Y. 10020 (Tel. (212) 974-[illegible]).

Procedure for Applications

Applications (other than special employee applications) must be for 75 shares or for 100 shares or for multiples of shares as follows:

No. of shares applied for	100 - 500	500 - 3,000	3,000 - 10,000	10,000 - 30,000	30,000 and over
Must be a multiple of	50 shares	100 shares	500 shares	1,000 shares	5,000 shares

A separate cheque for £1·50 per share, drawn in sterling on a bank in and payable in the United Kingdom, the Channel Islands or the Isle of Man, made payable to the Bank of England and crossed "Not Negotiable—BP Shares", must accompany each application.

No application will be considered unless the conditions set out herein and the instructions contained in Application Forms have been complied with. [illegible] presented for payment and Letters of Acceptance and surplus application moneys may be [illegible] clearance of cheques. The right is reserved to reject any application and to accept any application in part only. Applications appearing to be multiple may be rejected or aggregated for allocation purposes.

Applications, which will be irrevocable until [illegible] November 1979, must be made on the Application Forms provided and completed in accordance with the instructions thereon and accompanied by cheques for the application moneys and [illegible] Friday 9 November 1979. Applications should be lodged with the appropriate Receiving Banker according to the initial letter of the (first-named) applicant's surname (or in the case of a corporation the initial letter of its name) as follows:

A – B Barclays Bank Limited, New Issues Department, PO Box 123, 2 London Wall Buildings, London [illegible]

[illegible] Bank Limited, Registrar's Department, [illegible] Old Broad Street, London EC2N 1AU.

[illegible] – P [illegible] Bank Limited, New Issues & Securities Department, Mariner House, Pepys Street, London [illegible]

Q – Z National Westminster Bank Limited, New Issues Department, PO Box 79, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2BD.

Alternatively, applicants may lodge their applications by hand in envelopes addressed to the appropriate Receiving Banker and marked "BP Shares" not later than 3.30 p.m. on Thursday 8 November 1979 at any of the following addresses:

ABERDEEN	Bank of Scotland, 53 Castle Street, Aberdeen. Clydesdale Bank Limited, 5 Castle Street, Aberdeen. The Royal Bank of Scotland Limited, 150 Union Street, Aberdeen.
BELFAST	Allied Irish Banks Limited, 2 Royal Avenue, Belfast. Bank of Ireland, Registration Department, 54 Donegall Place, Belfast. Northern Bank Limited, Donegall Square West, Belfast. Ulster Bank Limited, Investment Division, 88-50 High Street, Belfast.
BIRMINGHAM	Bank of England, 55 Temple Row, Birmingham.
BRISTOL	Bank of England, Wine Street, Bristol.
EDINBURGH	Bank of Scotland, The Mound, Edinburgh. The Royal Bank of Scotland Limited, 42 St. Andrew Square, Edinburgh.
GLASGOW	Bank of England, 24 St. Vincent Place, Glasgow. Clydesdale Bank Limited, 35 St. Vincent Place, Glasgow.
LEEDS	Bank of England, King Street, Leeds.
LIVERPOOL	Bank of England, 31 Castle Street, Liverpool.
MANCHESTER	Bank of England, Faulkner Street, Manchester.
NEWCASTLE	Bank of England, Pilgrim Street, Newcastle upon Tyne.
SOUTHAMPTON	Bank of England, 31-33 High Street, Southampton.

Special Application Forms are being made available to employees of BP and its United Kingdom subsidiaries and any such employee may apply on such form for 137 Ordinary Shares (the number nearest to but not exceeding £500 in value at the offer price) or any less number of Ordinary Shares being a multiple of 10 and not less than 30. Such applications should be lodged with the Bank of England, New Issues, Watling Street, London EC4M 9AA **by 10 a.m. on Friday 9 November 1979** (or lodged by hand in envelopes addressed to Bank of England, New Issues and marked "BP Shares" at any of the addresses outside London at which public applications may be lodged **by 3.30 p.m. on Thursday 8 November 1979**) and will be accepted in full. Any employee eligible under the new BP Group Participating Share Scheme can request that the shares applied for by him shall be allocated to the Trustees (or, within the same limits, can vest in the Trustees shares already owned by him) to be held on his behalf (subject to a restriction on disposal for one year) and in such case the Trustees will appropriate to him an equal number of Ordinary Shares to be held on his behalf upon the terms and conditions laid down in the Scheme. The Trustees will be allocated out of this Offer the aggregate number of Ordinary Shares necessary for such appropriations.

Commission

A commission of 0·4p per share will be paid to bankers and stockbrokers in the United Kingdom on acceptances in respect of applications (other than special employee applications) bearing their stamp. However, no payment will be made to any person who would receive a total of less than £10.

Acceptances

Letters of Acceptance, including instructions for payment of the final instalment, will be posted to successful applicants at their risk. If an application is not accepted, the amount paid will be returned in full, and, if any application is accepted only in part, the surplus application moneys will be returned, in each case by cheque through the post at the applicant's risk.

Letters of Acceptance will be renounceable, in accordance with the instructions thereon and subject to due payment of the final instalment of £2·13 per share, until 3 p.m. on 20 February 1980. Interest at the rate of 5% per annum over the Bank of England's Minimum Lending Rate on a day-to-day basis may be charged on any overdue amount which may be accepted. Default in payment of the final instalment in respect of any shares will render the amount previously paid liable to forfeiture and the acceptance to cancellation.

The Stock Exchange is expected to authorise dealings to commence in partly-paid form shortly after the basis of allocation is announced. Dealings prior to receipt of Letters of Acceptance will be at applicants' risk. A person so dealing must recognise the risk that an application may not have been accepted to the extent anticipated or at all.

After expiry of the period of renunciation, shares comprised in fully-paid Letters of Acceptance will be registered in the names of those entitled thereto and share certificates will become available on 2 April 1980.

HISTORY AND BUSINESS OF BP

BP was incorporated in 1909 and adopted its present name in 1954. Although HM Government has since 1914 held a substantial shareholding interest, BP has always been managed and operated as a private business enterprise. The Government has recently reaffirmed its intention to maintain its relationship with BP in a way which does not breach the traditional practice of non-intervention in the administration of BP as a commercial concern.

The BP group is the largest United Kingdom industrial concern, the second largest industrial concern with headquarters outside the United States and the third largest in the non-communist world, on the basis of 1978 gross sales proceeds. About 1[illegible],000 people work for the BP group worldwide, including 44,000 based in the UK.

The BP group is engaged in all phases of the petroleum industry, including exploration, production, transportation, refining and marketing of petroleum and petroleum products and chemicals. The group has pioneered the discovery and development of oil in several important oil producing areas, including Alaska and the North Sea. The group is exploring in over 20 countries.

The group's interests in the United States consist primarily of its majority interest in The Standard Oil Company ("Sohio") and its interests in the Trans Alaska Pipeline System. In balance sheet terms approximately [illegible]% of the group's properties and operating assets attributable to BP are located in the United States.

The BP group's crude oil reserves used to be located predominantly in countries which are members of the Organisation of Petroleum Exporting Countries ("OPEC"). By contrast, at the end of 1978 [illegible]% of the proved reserves of crude oil available to the group (including Sohio) were located on the UK Continental Shelf or in Alaska. Taking end-1978 published figures BP believes that there is no other oil group with higher net proved crude oil reserves in non-OPEC countries.

The amount of crude oil directly available to the group from OPEC sources, which only a few years ago represented almost all of its crude oil supplies, has greatly declined. In 1979, as a result of the substantially reduced availability of Iranian oil, the loss of Nigerian reserves and the termination of purchases from Nigeria, sales of crude oil to third parties (other than by Sohio) have been substantially reduced and are currently at a very low level. The BP group does not have adequate supplies of crude oil from its own normal sources and is supplementing its supplies by open market purchases. A larger shortfall than at present is projected for 1980, although due to outstanding negotiations the final position is uncertain.

The BP group sells oil products primarily in Western Europe, North America, Africa and Australasia. It supplies over 15% of the total demand for oil products in the EEC, excluding Italy where the group has disposed of its main interests. In January 1979 the group acquired marketing, refining and gas transmission interests in West Germany from Veba AG. The group has a substantial tanker fleet.

The BP group has substantial interests in the chemicals industry, including important interests acquired around the end of 1978. Coal is now the major BP group investment in activities outside petroleum and chemical operations.

Ownership of BP

SHARE CAPITAL

Authorised £		Issued £
7,250,000	8% (now 5·6% + tax credit) Cumulative First Preference Shares of £1 each	7,232,293
5,400,000	9% (now 6·3% + tax credit) Cumulative Second Preference Shares of £1 each	5,473,414
[illegible]	in Ordinary Shares of 25p each	[illegible]
[illegible]		[illegible]

On a poll members are entitled to two votes for every £5 in nominal amount of the Preference Shares and to one vote for every 25p in nominal amount of the Ordinary Shares held by them respectively.

Under BP's Articles of Association, HM Government has the power to appoint two directors, either of whom may veto any resolution of the Board or a Committee thereof. The Government has never used such right. [illegible] the administration of the Company as a commercial concern and the right [illegible] resolution [illegible].

The Government holds 477,[illegible] Ordinary Shares ([illegible]%) and 1,000 First Preference Shares. The Bank of England holds 311,[illegible] Ordinary Shares (20·15%) representing the Stock acquired by it in 1975 from Burmah. The validity of this acquisition is the subject of litigation. At the time of the acquisition assurances were given to the Panel on Take-overs and Mergers by way of an undertaking from the Bank that it would not [illegible] the votes attaching to the Stock so acquired [illegible] and the Government taken together [illegible] voting rights and (b) by a statement on behalf of the Government that, while the Bank held such Stock and the undertaking [illegible] in force, the Government would not [illegible] voting power in relation to other BP shareholders than that [illegible] which it would have enjoyed prior to the transaction.

The Government intends to acquire the Bank of England holding in due course and the Panel has accepted that thereafter the restrictions mentioned above will cease to have effect. The Panel will not require the Government, as a result of such acquisition, to make an offer under the City Code for the BP Ordinary Shares then held by the public.

Apart from the Government and the Bank of England, BP has about 180,000 members holding in total [illegible] Ordinary Shares, including at 12 October 1979 approximately 53 million Ordinary Shares represented by American Depositary Receipts and listed on the New York Stock Exchange.

Crude Oil and Gas

NOTE: In this section [illegible] reasonably [illegible] and [illegible] application of [illegible] reserves less [illegible] Crude oil includes condensate and natural gas liquids.

RESERVES AND SOURCES OF SUPPLY

At 31 December 1978 the estimated proved reserves (excluding reserves of minority, available to the group [illegible]

	Crude Oil (millions of barrels)	Natural Gas (billions of cubic feet)
United Kingdom	[illegible]	1,070
Rest of Europe	—	54
North America	[illegible]	[illegible]
Australasia	[illegible]	[illegible]
Abu Dhabi	[illegible]	—
	[illegible]	[illegible]

[illegible] crude oil and [illegible] 2,354 [illegible] of which is the [illegible]

The two tables below show the group's sources of crude oil and gas supplies for the last 5 years:

Crude Oil	1974	1975	1976	1977	1978
	(thousands of barrels per day)				
Iran	[illegible]	1,700	[illegible]	[illegible]	1,020
Kuwait	[illegible]	560	[illegible]	[illegible]	460
Nigeria	[illegible]	[illegible]	[illegible]	[illegible]	360
Abu Dhabi	[illegible]	[illegible]	[illegible]	[illegible]	180
Iraq	240	140	—	50	40
United Kingdom	—	20	150	410	460
North America	50	50	[illegible]	100	250*
Other	110	100	[illegible]	330	350
	4,440	3,440	[illegible]	[illegible]	3,720

* Includes 7[illegible] thousand barrels per day attributable to Sohio.

Natural Gas	1974	1975	1976	1977	1978
	(millions of cubic feet per day)				
United Kingdom	155·3	135·2	160·2	173·5	142·6
Rest of Europe	[illegible]	6·3	[illegible]	10·6	9·3
North America	101·0	[illegible]	[illegible]	97·1	154·9†
Australasia	17·3	18·3	50·7	21·8	78·1
Kuwait	45·1	7·4	—	—	—
	324·0	[illegible]	[illegible]	[illegible]	384·9

† Includes 75·0 million cubic feet per day attributable to Sohio.

UK AND EUROPEAN INTERESTS

The group's capital expenditure on the UK Continental Shelf from 1965 to end 1978 was over £1,240 million. A majority of the group's licences and interests in licences are held subject to the rights of the British National Oil Corporation ("BNOC") under participation agreements. The group has 9 sole licences for 24 blocks covering 1,175 square miles and 25 joint licences for 47 blocks covering 2,298 square miles (the group's proportionate interests aggregating 782 square miles). The group expects to obtain a 24·92% interest in a new licence covering 85 square miles. Such licences are subject to the Government's entitlement to a 12½% royalty in cash or in kind. This has customarily been taken in cash, but, as regards the group, the Government will, within operational limits, take in kind 50% in respect of the Forties Field in the second half of 1979 and 100% in respect of the Forties and Ninian Fields in the first half of 1980 and is considering whether to take thereafter 100% in respect of the Buchan, Forties and Ninian Fields.

The development of UK oilfields and production therefrom at specific rates can take place only with the approval or consent of the Secretary of State for Energy and is subject to observance of "good oilfield practice". The Secretary of State has other regulatory powers relating to oilfield operations, including gas flaring. In December 1974 the then Government stated that as regards UK Continental Shelf fields discovered before end 1975 under pre-1975 licences (e.g. Andrew, Buchan, Forties, Magnus and Ninian) no delays would be imposed on development, no cutbacks would be made in production until 1982 at earliest or until four years after start of production, whichever is later, and cutbacks would generally be limited to 20% at most. As regards any such fields discovered after 1975 under pre-1975 licences (e.g. Beatrice) no cutbacks in production would be made until 150% of the capital investment in the field had been recovered. In June 1979 the Government stated that in applying depletion policy to discoveries on pre-1975 licensed areas it would be guided by the December 1974 statement. Depletion policy will, like all other Government policies, be kept under regular review.

Forties Field—The Forties Field (almost entirely in a block where the group has a 100% interest) has estimated proved reserves of 1,355 million barrels of crude oil remaining after production of 450 million barrels to 30 June 1979. Production, which is transported to the shore by a 105 mile pipeline, is approximately 500,000 barrels per day and is expected to remain around that level until the end of 1981 and decline thereafter.

Ninian Field—The group has an interest of approximately 13% in the Ninian Field and its share of proved reserves as at 30 June 1979 was estimated at 147 million barrels. Production began in December 1978 and during September 1979 rose to 225,000 barrels per day. Production is expected to increase to a plateau level of approximately 360,000 barrels per day in 1981 and remain there for two years. A 110 mile pipeline transports the oil to a sea loading terminal at Sullom Voe in the Shetland Islands. The first stage of development of the terminal has been completed, but construction is not expected to be finished until 1981.

Buchan Field—In 1977 the group purchased a 54% interest in, and became operator of, the Buchan Field. The effective interest, allowing for sharing arrangements and after recovery of costs, is 27%. Proved reserves are estimated at 50 million barrels. Production is expected to begin early in 1980 and to reach an average daily production of 48,000 barrels in 1980. A floating production platform will be used and oil loaded into tankers.

Beatrice Field—In September 1979 the group purchased the interests of the P & O Group in the UK sector of the North Sea, including a 15% interest in the Beatrice Field, which has estimated proved reserves of 155 million barrels. Production is expected to begin in 1981 and to reach 80,000 barrels per day. A 42 mile pipeline will transport the oil to the Nigg Bay terminal.

Magnus Field—The Magnus Field, in which the group has a 100% interest, has Governmental approval for development. The field is complex geologically and in deep water (about 600 feet) and hence development costs per unit of production capacity will be higher than for other North Sea fields so far. Proved reserves are estimated at 480 million barrels. The group expects to spend £1,300 million to obtain production of 120,000 barrels per day from 1983. Oil will be transported to Sullom Voe via a 55 mile pipeline linking with the Ninian pipeline.

Other Offshore Interests—In 1974 the group discovered the Andrew Field, approximately half of which lies in a licensed area in which the group has a 100% interest, and has recently tested oil in a well in an adjacent block in which the group has a 100% interest; development prospects are being studied. In 1977 the group discovered oil some 50 miles west of the Shetlands in an area in which the group has a 40% interest; development of this field is uneconomic at present, primarily as a result of the shallow depth of the reservoir in deep water and the high viscosity of the oil. The group has recently discovered hydrocarbons 100 miles west of Ireland in an area in which it has a 43% interest; the find is in water of a depth from which production is not currently feasible. The feasibility of developing a discovery in the Norwegian sector in block 7/12, where the group has a 57·5% interest, is being examined. The group, alone or jointly with others, has encountered oil in a number of other areas; none has yet been established as of commercial significance, but in some cases further appraisals will be made. The group has acquired interests, or rights to earn interests, in a number of North Sea licences and is actively seeking further such acquisitions.

UK Onshore—The group has a 50% interest in the Wytch Farm Field in Dorset. Proved reserves are estimated at 86 million barrels. Production commenced early this year and should reach 4,000 barrels per day by early 1980; development drilling is expected to bring production to a peak of 19,000 barrels per day by 1984. Other small fields currently produce 1,650 barrels per day.

NORTH AMERICA

Prudhoe Bay—Production from the Prudhoe Bay Field on the North Slope of Alaska began in mid-1977. Under a unitisation agreement Sohio has an interim entitlement to approximately 53% of the crude oil and solution gas production from the main reservoir; final re-determination of entitlements will be made in 1982. Sohio's share of the proved crude oil reserves at 30 June 1979 was 4,517 million barrels. Wholly-owned subsidiaries of BP and Sohio own respectively 15·84% and 33·34% undivided interests in the Trans Alaska Pipeline System ("TAPS"), a 48 inch crude oil pipeline running approximately 800 miles from Prudhoe Bay to a tank farm and marine terminal at the ice-free port of Valdez on Alaska's southern coast. Planned sales of interests between TAPS participants would alter these percentages to 16·05% and 33·79%, and later approximately 16·9% and 33·1%. The maximum average annual rate of production allowed is about 1,500,000 barrels per day. Production is, however, limited by the capacity of TAPS. Expansions of TAPS capacity will be achieved by adding extra pump stations. One is planned for completion this year, increasing nominal capacity from 1,200,000 to 1,360,000 barrels per day, and a second to add 60,000 barrels per day will follow. The injection of drag reducing additive ("DRA") into the oil has recently increased throughput materially and the use of DRA and one extra pump station should permit throughput of 1,500,000 barrels per day by the end of 1979. Availability of DRA supplies could, however, be adversely affected by production, transportation and operational difficulties.

Sohio's share of net production from Prudhoe Bay having reached 600,000 barrels per day, BP's effective interest in Sohio increases from approximately 52% to approximately 53%. BP also has, through a wholly-owned subsidiary, rights to dividends in an amount equal to 75% of the net profits attributable to Sohio's share of net production between 600,000 and 1,050,000 barrels per day. Such net profits will commence to accrue before the end of 1979. Production from the field is expected to decline in the mid-to-late 1980s.

Other Interests—The group, partly through Sohio, holds leases on the North Slope, covering an area where hydrocarbons have been found and are likely to be developed. In addition to its Alaskan reserves, at 31 December 1978 Sohio had estimated proved crude oil reserves of 61 million barrels, while BP Canada (65% owned) had estimated proved crude oil reserves of 80 million barrels. Sohio has agreed to acquire two companies with substantial holdings of oil and gas exploration acreage in the US Rocky Mountains.

MIDDLE EAST AND AFRICA

The group's only significant remaining producing equity interests in these areas are 9½% and 14⅔% interests respectively in onshore and offshore concessions in Abu Dhabi expiring in 2014 and 2018 respectively. At 31 December 1978 the group's shares of the proved crude oil reserves in these aggregated 2,322 million barrels. The group's share of production is currently approximately 147,000 barrels per day. The group's oil and gas reserves in Nigeria were taken over by the Nigerian Government as of 1 August 1979, entailing a loss of crude oil production of approximately 275,000 barrels per day. In Egypt the group has a small share in a field declared commercial in July 1979.

PURCHASED OIL

In the five years ended 31 December 1978 the group received approximately 42% of its crude oil supplies through its 40% interest in a consortium of international oil companies entitled under a 1973 agreement with the Iranian Government and the National Iranian Oil Company ("NIOC") to purchase for 20 years all oil produced from certain properties in Iran and not required for internal consumption or, within specified limits, for export. In 1977 and the first nine months of 1978 the group's purchases averaged 1·3 and 1·1 million barrels per day respectively. In connection with the change of governments in Iran supplies declined in the last few months of 1978, ceasing between 26 December 1978 and 5 March 1979, when limited exports from Iran resumed. In March 1979 NIOC declared that its future relationship with the consortium companies would be based on individual contracts. The group negotiated a contract to purchase for the nine months from 1 April 1979 450,000 barrels per day, subsequently reduced to 385,000 barrels per day as from 1 July 1979.

The group purchases crude oil from the Kuwait Government pursuant to a contract providing for an average of approximately 450,000 barrels per day between 1 January 1976 and 31 March 1980 and an agreement (subject to negotiation for reduction) for 400,000 barrels per day thereafter to 31 March 1985. The group has contracts with the Abu Dhabi Government for approximately 35,000 barrels per day during 1979, with the Iraq Government for approximately 80,000 barrels per day during 1979 and with the Qatar Government for approximately 31,000 barrels per day until 30 June 1981. Prices under all the above contracts are generally fixed quarterly. The group from 1976 had a purchase arrangement with the Nigerian Government for approximately 100,000 barrels per day, but the Nigerian Government terminated this with effect from 1 August 1979.

EXPLORATION

During 1978 and the first half of 1979 the group drilled or participated in partnership with others in drilling 14 exploration and appraisal wells in the North Sea, including 4 in Norwegian and Dutch waters. A number of wells were drilled by Sohio in the United States. During the same period the group also participated in exploration wells drilled offshore northwest Australia, Brazil, Egypt, Gabon, Ireland and Morocco and onshore in Alaska, Canada, Egypt, France, West Germany and the UK.

NATURAL GAS

The group's principal gas reserves in the United Kingdom are attributable to its 100% interest in the West Sole Field in the North Sea, which commenced production in 1967. Facilities have been installed in the Forties Field and are being installed in the Ninian Field (to be operational during 1981) to permit partial commercial utilisation of associated gas. The gas reserves shown under "Rest of Europe" in the table of reserves are in West Germany, where the group acquired from Veba AG with effect from 1 January 1979 a 25% interest in Ruhrgas, Europe's largest private gas distributor. The gas reserves in Australasia are attributable to its 37½% interest in the Kapuni Field in New Zealand, which commenced production in 1970, and its 18¾% interest in the Maui Field in waters 23 miles west of New Zealand, which has recently commenced production. The group has a 16⅔% interest in natural gas discoveries (currently the subject of economic feasibility studies) off the northwest coast of Australia. Sohio's reserves at 31 December 1978 included estimated proved reserves of 7·2 trillion cubic feet in the Prudhoe Bay Field, but a gas pipeline would be needed to permit commercial production. The group has a 16⅓% interest in a gas liquefaction plant on Das Island, offshore Abu Dhabi, which is currently operating below capacity due to technical and supply problems, and a 31% interest in a projected liquid natural gas terminal at Wilhelmshaven, West Germany. The group has a 10% interest in a company concerned with the possible construction and operation of a gas liquefaction plant at Bonny, Nigeria. Deutsche BP (a wholly-owned subsidiary) hopes to obtain a long term contract to purchase up to 160 billion cubic feet per year of gas as liquefied natural gas from Algeria, starting in late 1985.

Shipping

At 31 December 1978 the group (excluding Sohio but including a 50% owned company) owned or had on bareboat charter or long term charter (initially for more than one year):

Deadweight Tonnage (dwt.)	Owned or on bareboat charter	Long term charter	Total
Up to 25,000 dwt.*	26	3	29
25,000 to 80,000 dwt.	17	10	27
80,000 to 160,000 dwt.	—	7	7
Over 160,000 dwt.	25	27	52
Total numbers	68	47	115
Total deadweight tons (millions)	7·3	7·3	14·6

* Excluding ships not exceeding 3,000 dwt.

At 31 December 1978 Sohio had, under various short and long term charter arrangements, a fleet of tankers totalling approximately 3 million dwt. to transport Prudhoe Bay crude oil to markets on the West Coast of America, the Gulf Coast and the Caribbean. Because at least 75% of the equity of a corporation owning tankers transporting Alaskan crude oil to US ports must be owned by US citizens, and such tankers must be US registered, Sohio cannot use for this purpose the ships owned or chartered by other group members.

There is serious world over-capacity in very large crude carriers ("VLCCs") and many have been laid up. The growing importance of North Sea oil has meant a further decline in the group's VLCC needs. At 31 December 1978 six ships totalling 1·4 million dwt. were laid up; one has since been sold. Charters of three VLCCs totalling 0·6 million dwt. expired during 1979.

In the medium carrier class charters of five carriers totalling 0·5 million dwt. have expired or will expire during 1979. Four such carriers totalling 0·5 million dwt. have been chartered this year and the group has announced an order for the building of two new carriers, totalling 0·2 million dwt.

A programme of disposal of older and smaller product carriers was completed during 1978, but the group's requirements for product carrier tonnage continued to decline. Charters of two product carriers expired during 1979.

Refining

At 31 December 1978 the group had 21 refineries with total crude oil distillation capacity of 2·8 million barrels per day, 70% of which was located in Western Europe. The group also has processing entitlements at 14 other refineries, in which its share of crude oil distillation capacity amounted to 410,000 barrels per day at 31 December 1978. During the last five years the amount of crude oil refined for the account of the group was approximately as follows:

	1974	1975	1976	1977	1978
	(thousands of barrels per day)				
In group refineries					
United Kingdom	420	340	420	400	400
France	320	260	280	260	280
West Germany	280	240	260	260	260
Netherlands	260	180	260	240	120
Other Europe	240	180	220	220	200
Middle East and Africa	180	100	80	80	60
Australasia and Far East	160	160	160	180	160
North America	80	100	100	100	500†
	1,840	1,560	1,780	1,740	1,980
By other refiners	160	160	120	120	20
	2,100	1,720	1,900	1,860	2,000

† Includes 400 thousand barrels per day refined by Sohio.

Sales and Marketing

CRUDE OIL

The group has for many years been a seller of substantial quantities of crude oil. Mainly as a result of the increasing volume of direct sales by OPEC countries sales of crude oil by the group have been falling, sales in thousands of barrels per day declining from 2,240 in 1974 to 1,480 (excluding sales by Sohio of 350 thousand barrels per day) in 1978. As a result of the substantial reduction in supplies from Iran and the cessation of supplies from Nigeria, the group (excluding Sohio), pursuant to provisions of the relevant contracts, has progressively reduced the amounts of crude oil sold to third party customers in 1979 and in August 1979 informed nearly all such customers that sales to them would be suspended with effect from 1 September 1979. Apart from third party customers the group has a net supply obligation to BNOC under arrangements associated with its participation agreement.

OIL PRODUCTS

Sales of oil products (excluding chemicals) over the last five years were as follows:

	1974	1975	1976	1977	1978
	(thousands of barrels per day)				
United Kingdom	340	270	280	280	290
France	280	240	300	280	300
West Germany	300	280	300	300	320
Other Europe	520	480	530	570	510
Middle East and Africa	160	140	160	180	190
Australasia and Far East	210	190	180	200	200
North and South America	100	120	120	130	570*
	1,910	1,720	1,870	1,940	2,380

* Includes 415 thousand barrels per day attributable to Sohio.

The BP Marine International Service supplies fuel and lubricants to world shipping, having bunkering arrangements at more than 300 ports. Air BP is a major supplier to international aviation.

Chemicals

The group is a major manufacturer of chemicals and plastics with its principal operations in the United Kingdom and Belgium and, through Vistron Corporation (a wholly-owned Sohio subsidiary), in the United States. Vistron accounted for 27% of the group's sales of chemicals in 1978. Two important acquisitions by BP Chemicals were completed around the end of 1978. One was of the majority of Union Carbide's chemicals and plastics interests in Europe. The other was of Monsanto's polystyrene and expandable polystyrene business in the EEC and its one-third interest in a BP subsidiary. In West Germany the group has a 50% interest in Erdolchemie and in France a 34% interest in Naphtachimie. There are other manufacturing subsidiary or associated companies in Australia, France, West Germany, India, South Africa and the United Kingdom.

Coal

Coal is now the major group investment in activities outside its petroleum and chemicals operations. Merchantable coal reserves at 31 December 1978 were estimated as follows:

		(millions of tonnes)
Australia	(85% coking, 15% steam)	312
South Africa	(100% steam)	191
United States (Sohio)	(10% coking, 90% steam)	495
		998

In Australia the group acquired a 50% interest in Cluthа Development Pty. Ltd. in January 1977 and the remaining 50% in 1979 (as from July 1978). The group has granted Western Mining Corporation an exclusive option, exercisable not later than the end of 1980, to purchase up to and including 50% (with a minimum of 20%) of the share capital of Clutha. The group acquired a 49% interest in the Clarence coal field in Australia in May 1979. In South Africa the group has a one-third interest in Ermelo Mines and a 50% interest in the Elkeboom mine. In the United States Sohio owns the Old Ben Coal Company.

Clutha's annual production is about 6 million tonnes, around 70% of which is sold to Japan and South Korea under contracts currently running to 31 March 1981. Production from Clarence should reach an annual rate of 1·5 million tonnes by late 1983. Production from Ermelo was about 1·5 million tonnes in 1978 and should reach design capacity of 3 million tonnes per annum by 1980. Elkeboom produced 635,000 tonnes in 1978. Old Ben's production in 1978 (which was adversely affected by an industry-wide strike) was about 7 million tonnes. In 1978 approximately 75% of Old Ben's production was committed under long term contracts. Old Ben is currently acquiring the rights to more than 180 million tonnes of coal in southern Illinois.

Other Minerals

In July 1979 the group reached agreement with Western Mining for the acquisition by the group of a 49% interest in a joint venture relating to a prospective mining project at the Olympic Dam prospect, Roxby Downs, South Australia, where copper, uranium and gold have been discovered. Mineral exploration programmes are currently underway in Africa, Australia, Europe and North America. During 1978, in partnership with Western Mining, a copper/zinc deposit was discovered at Benambra in Victoria, Australia, and proving work will be carried out in 1979/80 to determine its commercial significance. Sohio has a 50% interest in a uranium mine in New Mexico.

Other Activities

Other activities include the production and sale of animal feed and liquid detergents, the sale of technology and related services, the provision of services to offshore drilling and production operations and travel and computer services.

The group undertakes research concentrated in the areas of petroleum exploration, production, refining and marketing, transport, alternative energy sources and petrochemicals. A number of processes and products developed by the group have been licensed to third parties. In 1978 research expenditure of the group amounted to £42 million.

Environmental Protection

For many years the group has been engaged in a continuing programme to develop effective measures for the protection of the environment, including reducing sulphur levels in heavy fuel oil and gas oil, reducing lead levels in motor gasolines, developing more effective methods of containing and recovering spillage at sea, improving the quality of emissions and effluents from the group's refineries and chemical plants and installing monitoring equipment at a number of the group's facilities. The group's internal procedures are designed to ensure that the environmental aspects of new developments are fully taken into account before approval for capital expenditure is given.

Interim Results

The group's net income in the first half of 1979 at £621·8 million was approximately treble that in the same period of 1978. In addition to higher earnings attributable to Sohio, significant factors in this increase were improved results from marketing and refining in Europe and realised stock appreciation following OPEC price rises during the first half of 1979. The results for the third quarter are not yet available and are due to be announced on 29 November 1979.

On 24 October Sohio announced its results for the third quarter of 1979 showing net income for the quarter of US$366·2 million (1978 – US$125·7 million) and for the first three quarters of US$735·1 million (1978 – US$285·7 million). Its Alaskan crude oil production averaged for the quarter and for the first three quarters 600,000 and 568,000 net barrels per day respectively (1978 – 547,000 and 488,000 net barrels per day). Sohio reports its results by reference to accounting policies conforming to US generally accepted accounting principles, but for inclusion in the BP group figures significant adjustments are required, relating mainly to deferred taxation and stock valuation. The adjusted Sohio figures may at times indicate differing trends from its results published in the United States.

Factors Affecting Group Trading

Further price increases have been made by OPEC members during the second half of 1979. The price of the group's North Sea crude oil follows the price of comparable OPEC crude oil. The price of Sohio's Alaskan crude oil is now at the upper limit currently permitted by US price control regulations; this limit is reviewed monthly.

The amount of crude oil directly available to the group from OPEC sources, which only a few years ago represented almost all of the group's crude oil supplies, has greatly declined. In 1979, as a result of the substantially reduced availability of Iranian oil, the loss of Nigerian reserves and the termination of purchases from Nigeria, sales of crude oil to third parties (other than by Sohio) have been substantially reduced and are currently at a very low level. The group does not have adequate supplies of crude oil delivered from its own normal sources for its downstream requirements and it is therefore supplementing its own supplies by open market purchases.

The group's projected crude oil supply position beyond the end of 1979 indicates a larger shortfall than in the last quarter of 1979, though the final position is uncertain because supply contracts for 1980 with certain OPEC countries are currently under negotiation as are arrangements with BNOC covering 1980. This is a particularly difficult time to assess the feasibility of purchasing a substantially increased volume of oil on the market, or to estimate the prices that may be payable. Much will depend on volatile factors such as the world's oil demand/supply balance and the level of world economic activity.

The operations of the group like those of all major international oil companies are affected by political events as well as by unexpected commercial and other developments. The oil industry is highly competitive. Exchange rate changes affect the group (crude oil is usually purchased and sold by the group in US dollars but product trade is in a multiplicity of currencies) but afford no more currency risk to the group than in the case of multinational companies in general.

The timing, implications and overall effect of all such events upon the group and its profitability are uncertain and vary from country to country and from time to time and for these reasons no profit forecast is being given.

Dividends

On 5 July 1979 the Company announced its intention to pay in respect of 1979, subject to no material adverse changes affecting the group's profits, a total dividend (not including the special interim dividend then announced and paid on 30 August 1979) of not less than 55p per £1 Ordinary Stock unit (1978 – 25·436p per unit, including the portion of the special interim dividend related to 1978) of which 22p per unit (1978 – 7·795p per unit) would be paid by way of interim dividend. Taking into account the conversion and sub-division of each £1 Ordinary Stock unit into four Ordinary Shares of 25p, the forecast represents a total of not less than 13·75p per share, including 5·5p per share interim dividend. An interim dividend equivalent to 5·5p per share has been announced and is payable on 8 November 1979.

ACCOUNTANTS' REPORT

The following is a copy of a report from Ernst & Whinney, Chartered Accountants:

57 Chiswell Street
London EC1Y 4SY
31 October 1979

The Directors, The British Petroleum Company Limited

The Lords Commissioners of Her Majesty's Treasury and

The Governor and Company of the Bank of England

Gentlemen

We have acted as auditors of The British Petroleum Company Limited ("BP") since its incorporation on 14 April 1909. We have examined the group accounts of BP and its consolidated subsidiaries ("the BP group") for the five years ended 31 December 1978.

The group income statement and movements in group reserves for the five years ended 31 December 1978, the group balance sheet at 31 December 1977 and 1978 and the group statement of source and application of funds for the years ended 31 December 1977 and 1978 are based on the audited accounts. In our opinion, these statements and the group balance sheet, which have been prepared under the historical cost convention, together with the notes thereon, give a true and fair view of the net income and movements in group reserves for each of the five years ended 31 December 1978, of the state of affairs at 31 December 1977 and 1978 and of the source and application of funds for the years then ended.

Our examination of the group accounts did not extend to the unaudited group income statement for the six months ended 30 June 1978 and 1979, the unaudited movement in group reserves and the unaudited group statement of source and application of funds for the six months ended 30 June 1979 and the unaudited group balance sheet at that date and the related note (xiv).

We report as follows:

1. Accounting policies

The accounting policies adopted for the preparation of the group accounts of the BP group are set out below. The only significant changes made in the five years ended 31 December 1978 relate firstly to deferred taxation in 1977 for which the group income statement for the years 1974 to 1976 has been restated and secondly to the treatment of depreciation for stock valuation purposes in 1975, the effect of which is disclosed in the statement of movements in group reserves.

Accounting Convention

The accounts are prepared under the historical cost convention.

Composition of Group Accounts

The group accounts comprise a consolidation of the accounts of BP and all its subsidiaries, including The Standard Oil Company (Sohio) for the first time in 1978, except for a number of minor companies the consolidation of whose accounts would cause undue expense and delay in presentation and whose income is insignificant. The investment in these minor companies is included in the group balance sheet with investment in associated companies.

Where accounting policies followed by subsidiaries differ significantly from those adopted for group accounts purposes appropriate consolidation adjustments are made for material items.

In respect of associated companies whose earnings are material the group proportion of the net income of those companies, including Sohio for the years 1975 to 1977, is included in the group income statement. For other associated companies whose earnings are relatively small only dividends received are included.

Currency Translation

Assets and liabilities expressed in currencies other than sterling and operating results of overseas subsidiaries are translated into sterling at the year-end rates of exchange.

Exchange fluctuations are included in the determination of income except those relating to the restatement at year-end exchange rates of

(a) opening balance sheets of overseas subsidiary and associated companies and

(b) long-term receivables and finance debts (excluding acceptance facilities) in other than local currencies

which are taken directly to reserves.

Stock Valuation

Stocks of oil and chemicals are valued at the lower of group cost including overheads, using the first in, first out method, and net realisable value. For purposes of valuation petroleum revenue tax is treated as a cost. Stores are stated at or below cost calculated mainly using the average method.

Pensions

In most group companies there are pension and retirement plans, the forms and benefits varying with regard to economic conditions and practices in the countries concerned. Where funds and provisions exist, payments and charges are made on the basis of periodic actuarial assessments and where local regulations prevent the establishment of funds the cost of pensions paid is charged against income. Supplementary pension payments are charged against income when paid.

Depreciation and Amounts Provided

Oil production and pipeline assets principally in Alaska and the North Sea are depreciated on the unit-of-production/throughput method over the estimated recoverable oil and gas reserves including, where appropriate, provision for future dismantlement and abandonment costs. Coal properties are depleted using the unit-of-production method.

Exploration leasehold properties are amortised over the estimated period of exploration; full provision is made against the group's proportion of other exploration expenditure whether incurred directly by subsidiary companies or indirectly by associated companies except for expenditure relating to uncompleted wells and to completed wells awaiting determination of whether proven reserves have been found.

Other properties and operating assets are depreciated on the straight line method over their estimated useful lives.

Research

Expenditure on research is wholly written off in the year in which it is incurred.

Interest and Financing Costs

Interest and financing costs are charged against income but are capitalised where there is dedicated financing of major projects under development.

Petroleum Revenue Tax

The charge for petroleum revenue tax is calculated on the unit-of-production method and is included in creditors or deferred liabilities as appropriate.

Deferred Taxation

Provision for deferred taxation is made using the liability method except where it is considered that no liability will arise in the foreseeable future.

2. Group income statement

Figures, except where otherwise indicated, in £ million

	Note	1974	1975	1976	1977	1978	1978	1979
		Years ended 31 December					Six months ended 30 June (unaudited)	
								note (xiv)
Revenues								
Sales and operating revenue		9,306·6	9,536·7	12,857·0	14,878·7	17,559·6	8,497·2	10,529·4
Deduct: customs duties and sales taxes		1,496·5	1,755·3	2,275·9	2,714·9	3,281·6	1,613·2	2,106·5
Net sales and operating revenue		7,810·1	7,781·4	10,581·1	12,163·8	14,278·0	6,984·0	8,422·9
Other income		173·7	178·1	188·3	223·6	223·5	104·3	144·2
		7,983·8	7,959·5	10,769·4	12,387·4	14,501·5	7,088·3	8,567·1
Operating and other costs								
Cost of sales, including freight, processing and manufacturing		4,798·2	5,420·2	7,634·2	8,848·5	8,802·5	4,757·7	5,411·0
Distribution, selling, administrative and other expenses (includes back service pension charge—1974 £54·3m)		870·8	719·4	909·7	1,041·4	1,409·5	670·1	851·9
Depreciation and amounts provided		163·6	193·5	265·9	303·7	595·3	287·6	359·8
Interest and financing costs	(i)	79·3	103·1	176·0	207·5	470·6	244·5	210·8
		5,711·9	6,436·2	8,985·8	10,201·1	12,276·9	5,959·9	6,833·5
Income before taxation		2,271·9	1,523·3	1,783·6	2,186·3	2,224·6	1,128·4	1,733·6
Overseas taxation	(ii)	1,735·1	1,339·2	1,386·3	1,361·9	1,107·7	590·4	550·5
Income after overseas taxation		536·8	184·1	397·3	824·4	1,116·9	538·0	1,183·1
UK taxation	(ii)	23·0	(3·9)	53·2	465·1	524·8	264·7	402·6
Income after taxation		513·8	188·0	344·1	359·3	592·1	273·3	780·5
Minority shareholders' interest		27·8	1·4	6·0	1·0	147·7	66·9	158·7
Income before extraordinary items		486·0	186·6	338·1	358·3	444·4	206·4	621·8
Extraordinary items after taxation	(iii)	11·6	21·3	—	(54·2)	—	—	—
Net income of the group		497·6	207·9	338·1	304·1	444·4	206·4	621·8
Distribution to shareholders (includes preference dividends £0·7m per annum and excludes special dividend, see below)		65·8	70·2	77·1	87·0	97·0	31·4	88·4
Retained income		431·8	137·7	261·0	217·1	347·4	175·0	533·4
Income before extraordinary items per ordinary share*		31·4p	12·0p	21·9p	23·2p	28·7p	13·3p	40·2p
Dividends per ordinary share*		4·215p	4·498p	4·997p	5·583p	6·359p	1·949p	5·500p
Special dividend per ordinary share* (designated within reserves in 1977, now paid)	(x)							1·917p

*Restated for the conversion and sub-division, with effect from 5 October 1979, of each then existing £1 unit of ordinary stock into four ordinary shares of 25p each and for the additional dividends related to each of the years 1976, 1977 and 1978, resulting from reductions in the rate of advance corporation tax, paid in each following year.

3. Movements in group reserves

Figures in £ million	Note	1974	1975	1976	1977	1978	1979
		Years ended 31 December					Six months ended 30 June (unaudited)
Group reserves at 1 January		1,602·0	2,021·7	2,202·0	2,551·0	2,660·3	3,159·3
Retained income		431·8	137·7	261·0	217·1	347·4	533·4
Special dividend	(x)	—	—	—	—	—	(29·6)
Exchange fluctuations		(12·1)	28·0	88·0	(107·8)	(37·5)	(127·1)
Adjustment re inclusion of depreciation in group stock valuation at 1 January 1975		—	14·6	—	—	—	—
Net surplus on consolidation of additional interests							
—Sohio		—	—	—	—	188·2	—
—Other (net)		—	—	—	—	0·9	—
Group reserves at 31 December		2,021·7	2,202·0	2,551·0	2,660·3	3,159·3	3,539·0

4. Group balance sheet

Figures in £ million	Note	At 31 December 1978	1977	At 30 June 1979 (unaudited)
Assets employed				
Properties and operating assets	(iv)	6,573·3	3,342·6	6,617·9
Investments				
The Standard Oil Company (Sohio)	(v)	—	413·8	—
Associated companies	(vi)	456·9	393·4	486·4
Long-term receivables		351·5	329·8	239·8
Current assets less current liabilities	(vii)	2,305·1	2,054·5	2,764·2
Total assets less current liabilities		9,686·8	6,533·3	10,088·3
Deduct:				
North Sea oil advance proceeds	(viii)	—	103·9	—
Deposits and deferred liabilities	(ix)	725·2	662·1	701·2
Deferred taxation	(ii)	51·7	22·1	85·4
Insurance funds and provisions		51·4	52·1	49·0
Pension provisions		182·1	148·3	198·3
		1,010·4	988·5	1,025·9
		8,676·4	5,544·8	8,982·4
Financed by				
Issued capital		399·2	399·2	399·2
Share premium account		199·2	199·2	199·2
Reserves	(x)	3,159·3	2,660·3	3,536·0
Shareholders' interest		3,757·7	3,258·7	4,134·4
Minority shareholders' interest		738·9	123·6	839·6
Finance debts	(xi)	4,179·8	2,162·5	4,008·4
		8,676·4	5,544·8	8,982·4

5. Group statement of source and application of funds

Figures in £ million	Years ended 31 December 1978	1977	Six months ended 30 June 1979 (unaudited)
Income after overseas taxation	1,116·9	824·4	1,183·1
Extraordinary items	—	(54·2)	—
Depreciation	595·3	303·7	359·8
Total generated from operations	1,712·2	1,073·9	1,542·8
Increase in finance debts (excluding changes in currency values)	—	44·8	59·4
Book amount of assets sold	31·6	44·1	21·6
Net changes in currency values	(40·9)	(142·7)	(103·0)
Other items	104·0	112·8	90·7
Total other sources	94·9	59·0	68·6
Funds available	1,807·1	1,132·9	1,611·5
Application of funds			
Capital expenditure	930·0	848·6	439·0
Acquisition of additional interests	109·2	—	325·5
Investment in associated companies	49·4	72·3	12·7
Decrease in finance debts (excluding changes in currency values)	298·5	—	—
Reduction of North Sea oil advance proceeds	103·9	183·0	—
Dividends paid—BP shareholders	80·2	78·4	85·6
—Minority interests	25·0	1·6	14·7
UK tax paid (including PRT 1978-£176·6m, 1977-nil, 1979-£161·9m)	241·1	36·1	207·2
	1,847·3	1,028·6	1,084·7
(Decrease)/increase in working capital	(40·2)	103·9	546·8
Total application	1,807·1	1,132·9	1,611·5
(Decrease)/increase in working capital			
(Decrease)/increase in stocks	(243·7)	(4·3)	202·6
(Decrease)/increase in debtors	(96·6)	(135·5)	360·0
(Increase)/decrease in current liabilities (excluding UK tax and proposed dividends)	(18·9)	183·8	(277·8)
Increase in liquid resources	319·0	49·9	262·0
	(40·2)	103·9	546·8

Individual items above exclude the movements in respect of reclassifications and additional interests acquired:

	Investment in Sohio	Additional interests acquired	
	Year ended 31 December 1978		Six months ended 30 June 1979 (unaudited)
Properties and operating assets	3,012·6	160·8	201·4
Investment in associated companies	30·7	0·6	128·6
Working capital	489·6	45·1	123·0
Finance debts	(2,435·2)	(101·1)	(28·6)
Minority shareholders' interests	(552·3)	—	—
Other items	55·6	—	0·1
(Surplus)/goodwill on consolidation	(188·2)	3·6	—
Reclassifications	(413·0)	—	(97·8)
	—	109·2	325·5

6. Notes

(i) Interest and financing costs

Figures in £ million	1974	1975	1976	1977	1978
	Years ended 31 December				
Expensed:					
Interest—Long-term	27·5	27·2	41·0	84·3	231·9
—Other	51·8	71·6	111·7	128·2	234·0
Forties Field financing costs	—	4·3	23·3	15·0	4·7
	79·3	103·1	176·0	227·5	470·6
Capitalised	32·1	46·9	57·0	38·9	8·5

(ii) Taxation

Figures in £ million	1974	1975	1976	1977	1978
	Years ended 31 December				
(a) Overseas					
Producer governments	1,691·4	1,312·9	1,340·5	1,277·6	1,085·3
Other areas					
—Current	24·2	36·2	49·3	80·8	69·2
—Deferred	19·5	(9·9)	(3·5)	4·9	33·2
	1,735·1	1,339·2	1,386·3	1,361·9	1,187·7
(b) United Kingdom					
Corporation tax at 52%					
—Current	1,377·8	696·3	507·1	478·1	676·1
—Deferred	—	—	—	—	—
Recoveries and provisions no longer required	—	—	(7·0)	(71·2)	—
	1,377·8	696·3	500·1	458·9	676·1
Overseas tax relief	(1,377·8)	(696·3)	(505·2)	(344·0)	(507·1)
	—	—	(5·1)	114·9	169·0
Advance corporation tax	33·9	—	(70·9)	—	—
Transitional relief	(10·9)	(11·4)	(0·2)	—	—
	23·0	(11·4)	(76·2)	114·9	169·0
Petroleum revenue tax at 45%	—	7·5	129·4	350·2	355·8
	23·0	(3·9)	53·2	465·1	524·8

Under the Oil Taxation Act 1975 petroleum revenue tax is imposed on profits from production of oil and gas in the UK, its territorial waters and continental shelf and is an allowable deduction for corporation tax purposes.

In 1974 advance corporation tax (ACT) of £33·9 million was charged to income; in 1975 and 1976 ACT of £38·9 million and £41·1 million, respectively, was carried forward to be offset against future corporation tax liabilities. Of the ACT charged to income in 1974 and prior years, £70·9 million was credited to income in 1976 and similarly carried forward to be offset against future corporation tax liabilities. The Finance Act 1972 amended and extended the transitional relief provisions of the Finance Act 1965 so as to give a measure of relief against ACT.

(c) Deferred Taxation

The deferred taxation charges for the five years ended 31 December 1978 have been reduced in respect of timing differences between the accounting and tax treatment of depreciation and other items as follows:

Figures in £ million	1974	1975	1976	1977	1978
	Years ended 31 December				
Overseas	12·7	(16·0)	14·7	(8·8)	55·8
United Kingdom	—	55·0	143·5	116·0	83·3
	12·7	39·0	158·2	107·2	139·1

The potential amounts of deferred taxation comprise tax in respect of:

Figures in £ million	Overseas 1978	1977	UK 1978	1977
Depreciation	444·7	61·3	728·9	623·4
Petroleum revenue tax	—	—	(254·4)	(273·2)
Other items	(115·5)	48·9	(73·5)	(32·5)
	329·2	110·2	401·0	317·7
Of which provided	51·7	22·1	—	—

ACT of £32·1 million at 31 December 1978 (£112·3 million), included in long-term receivables, has not been deducted from the potential amounts of deferred taxation.

(iii) Extraordinary items

Figures in £ million	
1974—Credit arising on disposal of production interests	11·6
1975—Surplus on sale of group interest in an associated company	23·3
1977—Overseas capital gains tax levied as a result of a group reorganisation in the UK in 1972 after taking into account related provisions and participation credits	(54·2)

(iv) Properties and operating assets

At 31 December 1978 assets at cost amounted to £9,718·5 million and depreciation amounted to £3,145·2 million, summarised as follows:

Figures in £ million	Depreciation rates	1978 Cost	Depreciation	Net	1977 Net
Production and exploration	†	2,861·3	717·8	2,143·5	1,042·8
Tankers	6–10%	281·5	128·8	152·7	165·4
Pipelines	†	2,299·6	130·1	2,169·5	763·2
Refineries	6–15%	1,822·4	1,005·1	817·3	431·6
Marketing	5–25%	1,691·8	797·7	894·1	679·2
Chemicals	10–12%	800·1	319·0	481·1	229·5
Coal	†	161·8	46·7	115·1	30·9
		9,718·5	3,145·2	6,573·3	3,342·6
Of which Sohio		3,454·0	631·4	2,822·6	—

†unit-of-production/throughput method

(v) Investment in The Standard Oil Company (Sohio)

The investment in Sohio was initially represented by 1,000 shares of special stock which entitled the BP group to the same rights (except as to dividends) as approximately a 25% common stock interest. The number of shares of common stock, to which the 1,000 shares of special stock are equivalent, will rise with increases in the sustainable crude oil production from Sohio's Prudhoe Bay properties, or in certain circumstances, from other Alaskan properties, to a maximum of approximately 53% if such production (net of one-eighth royalty owned by the State of Alaska) reaches 600,000 barrels per day prior to 1 January 1984.

In October 1975 Sohio sold 4,000,000 shares of its common stock and pursuant to the terms of the original agreement dated 7 August 1969, the BP group acquired 2,160,000 shares, being a 54% interest of the issue, thereby increasing the BP group's interest in Sohio to approximately 26% at which level it remained until commencement of production in mid-1977.

The BP group's share of Sohio's published results was equity accounted from 1 January 1975, when dividends became receivable, until 31 December 1977. This treatment is reflected in the group income statement as follows:

Figures in £ million	1975	1976	1977
	Years ended 31 December		
Included in			
—Other income	23·1	29·5	40·4
—Overseas taxation	8·4	9·8	11·1
	14·7	19·7	29·3

During the second quarter of 1978 sustainable net production from Sohio's Prudhoe Bay properties exceeded 460,000 barrels per day, thereby increasing the BP group's interest in Sohio to over 50%. As a result of further increases in sustainable net production to a level in excess of 550,000 barrels per day, the BP group's interest subsequently increased to 52·2% on 15 October 1978.

Sohio's results as adjusted to comply with the BP group's accounting policies have been fully consolidated from 1 January 1978. Income before extraordinary items for each of the four years ended 31 December 1978 is analysed between Sohio and the remainder of the BP group as follows:

Figures in £ million	1975	1976	1977	1978
	Years ended 31 December			
BP group excluding Sohio	171·9	318·4	329·9	292·4
Sohio (BP group interest)	14·7	19·7	28·3	152·0
	186·6	338·1	358·2	444·4
BP group weighted average interest in Sohio	26·0%	26·0%	29·4%	49·1%

(vi) Associated companies

(a) Investment

At 31 December 1978 investment in these companies at cost amounted to £513·0 million and provisions amounted to £56·1 million, summarised as follows:

Figures in £ million	1978 Cost	Provisions	Net	1977 Net
Production and exploration	110·5	34·9	75·6	89·9
Pipelines	41·8	—	41·8	21·9
Refineries	42·3	11·8	30·5	30·4
Marketing	104·7	4·8	99·9	82·2
Chemicals	111·9	—	111·9	85·4
Coal	101·7	4·6	97·1	88·6
	513·0	56·1	456·9	393·4

Group investments, almost entirely unlisted, in associated companies are mainly in the nature of partnerships with other oil groups having in many cases integrated trading operations with subsidiary companies of the group which take a wide variety of forms.

(b) Net assets

Information as to the group proportion of the net assets of associated companies at the end of 1978 is not yet available. However, from the accounts received during the year 1978 from major associated companies in which the group net investment at 31 December 1977 was £366·6 million (out of a total net investment of £393·4 million) it has been ascertained that the net assets of these companies amounted to £1,174·3 million and the group proportion thereof was £410·8 million as follows:

Figures in £ million	Associated companies	Group proportion
Properties and operating assets	1,881·7	612·5
Long-term receivables and investments	88·7	31·2
Intangibles including goodwill	14·1	4·1
Current assets	907·7	327·1
	2,892·2	974·9
Less: Finance debts	867·0	250·6
Liabilities mainly current	850·9	313·5
Net assets	1,174·3	410·8

The accounts referred to were largely prepared as at 31 December 1977 and were drawn up in accordance with the statutory regulations of the countries in which these companies were incorporated.

(vii) Current assets less current liabilities

Figures in £ million	1978	1977
Current assets		
Bank balances	1,058·8	686·2
Marketable securities at net book amount (which approximates market value)	121·5	54·5
Liquid resources	1,180·3	740·7
Debtors	2,392·5	1,951·2
Stocks of oil and chemicals	1,911·5	1,704·1
Stores	130·7	125·4
	5,615·0	4,521·4
Current liabilities		
Creditors	2,731·2	2,058·5
Taxation*	488·6	330·4
Provisions	24·3	19·9
Dividends	65·8	59·0
	3,309·9	2,466·9
Current assets less current liabilities	2,305·1	2,054·5

*Includes UK corporation tax £66·7 million (£44·6 million) and petroleum

(viii) Forties Field financing

Final repayment of amounts advanced in accordance with the terms of an agreement for a forward sale of crude oil and gas from the Forties Field was made in October 1978.

(ix) Deposits and deferred liabilities

Deposits relate to certain payments received in advance mainly in respect of crude oil and coal deliveries which will be made during and after 1979. Deferred liabilities are those which become due for settlement after 31 December 1979 and include petroleum revenue tax of £469·7 million (£525·3 million).

(x) Group reserves

Group reserves at 31 December 1978 included undistributed associated companies' earnings of £97·6 million and a parent company preference share reserve of £10 million. Also included was £29·6 million, equivalent to 7·669p net per ordinary stock unit (1·917p per ordinary share), available for a special dividend related to 1977. This dividend was paid on 30 August 1979.

(xi) Finance debts

Finance debts at 31 December 1978 were as follows:

Figures in £ million	Average contractual interest rate %	1978	1977
Sterling	10·3	22·8	25·0
US dollars	9·3	2,394·4	810·8
Australian dollars	7·9	9·8	9·5
Belgian francs	10·2	54·8	1·4
Canadian dollars	6·9	18·8	24·5
Deutschemarks	7·4	16·4	25·9
Dutch guilders	7·9	65·8	68·3
French francs	9·6	56·9	54·2
Swedish kronor	7·2	8·3	18·1
Swiss francs	6·8	22·6	38·7
Other currencies	7·8	6·3	6·1
Total long-term debts		2,676·1	1,081·7
Short-term debts and acceptances		1,271·6	1,016·0
Bank loans and overdrafts		232·1	64·8
		4,179·8	2,162·5
Of which Sohio		2,053·7	—

Secured debts amounted to £135·1 million (£102·2 million).

Repayment periods from balance sheet date of long-term debts are as follows:		
1 year	28·0	13·0
2 years	71·6	21·6
3 years	121·6	47·6
4 years	142·6	63·0
5 years	171·4	72·1
6 to 10 years	824·9	392·7
thereafter	1,317·0	469·9
	2,676·1	1,081·7

At 31 December 1978 the group had substantial amounts of undrawn borrowing facilities available including approximately £1,400 million which was covered by formal commitments.

(xii) Contingent liabilities

There were contingent liabilities at 31 December 1978 in respect of guarantees, indemnities and claims entered into as part of and arising from the ordinary course of the group's business, upon which, in the opinion of BP, no material losses are likely to arise.

There are two claims against BP and four other major international oil groups which BP and its advisers consider lack legal merit:

(a) a claim by Lonrho Limited in England in respect of the Beira pipeline for about £100 million which is being disputed and will, so far as BP is concerned, be heard at arbitration; and

(b) a claim by the Zambian Government in Zambia in respect of alleged breaches of Rhodesia sanctions for about £4 billion.

BP is not appearing before the Zambian court in the second action, since the court does not have jurisdiction over it. BP considers that no loss will result from either of these two actions and, accordingly, no provision has been made.

(xiii) Capital commitments

Authorised future capital expenditure by group companies at 31 December 1978 was estimated at £3,300 million including approximately £780 million for which contracts had been placed.

(xiv) Six months ended 30 June 1978 and 30 June 1979 – (unaudited)

The charge for UK taxation comprises:

Figures in £ million	Six months ended 30 June (unaudited) 1978	1979
Corporation tax at 52%	229·9	302·5
Overseas tax relief	(137·4)	(222·9)
	92·5	79·6
Petroleum revenue tax at 60% (45%)	310·1	185·1
	402·6	264·7

Due to the uncertainties in computing the charge for taxation for a period of less than a year, the amounts shown represent the best estimates for the periods.

7. Accounts

No audited accounts have been made up for submission to members since those for the year ended 31 December 1978.

Yours faithfully

Ernst & Whinney

Chartered Accountants

GENERAL INFORMATION

1. Market Quotations

The following table shows the highest and lowest middle-market quotations for the Ordinary Shares for the periods specified, based on the Daily Official List published by The Stock Exchange:

	Highest	Lowest	1979	Highest	Lowest
	p	p		p	p
1974	148	48	Jan/March	294xd	223
1975	149xd	47	April/June	322	272
1976	201	136	July/August	318	281xd
1977	239	194	September	322xd	288
1978	238	181	1 to 25 October	400xd	322xd

The above quotations are adjusted to reflect the changes in capital structure referred to in paragraph 3 below (figures rounded to the nearest whole number).

2. US Registration Statement

A US Registration Statement incorporating a Prospectus has been filed with the US Securities and Exchange Commission ("SEC") in connection with this Offer and in accordance with SEC rules the US Prospectus contains certain information relating to the disclosure of future net revenues from estimated production of proved oil and gas reserves. Such information, while given with a view to compliance with SEC rules, involves conjecture and arbitrary assumptions, does not accord with current conditions, does not take into account all matters considered relevant by BP and neither represents BP's or the group's estimates of the group's future net revenues from production of oil and gas reserves nor provides a basis for evaluation of the present value thereof. It is a term of this Offer that such information shall not provide a basis for a valid and effective claim against BP or any other person unless, and then only to the extent that, the same would provide a basis for a valid and effective claim under the US Securities Act of 1933 or the US Securities Exchange Act of 1934 or rules and regulations thereunder.

BP in its annual accounts follows UK accounting principles the application of which in its view and in the view of its Auditors fairly reflects the results of the group. However, the SEC requires a US prospectus to show what income would have been if calculated in accordance with accounting principles generally accepted in the United States. The estimated adjustments to net income over the five years 1974 to 1978 and for the six-month periods ended 30 June 1978 and 1979 required under US generally accepted accounting principles, mainly in respect of deferred tax and currency fluctuations, are in [illegible] not substantial. The US accounting standard for currency translation is under review but currently requires that an adjustment to income be made in respect of the restatement of finance debts at period-end exchange rates but, contrary to UK practice, does not permit effect to be given to the corresponding restatement of overseas assets. The application of this standard results in erratic distortions to BP's reported net income, although the aggregate effect over the five years is insignificant.

3. Extraordinary General Meeting

At an Extraordinary General Meeting of BP and at corresponding class meetings held on 4 October 1979 resolutions were passed to convert and sub-divide each £1 unit of Ordinary Stock into four Ordinary Shares of 25p each and to convert each £1 unit of Preference Stock into one Preference Share of £1. In connection with the conversion and sub-division the voting rights attributable to the Ordinary Shares and Preference Shares were adjusted to maintain the same voting relationship between the Preference and Ordinary capital.

At the same Extraordinary General Meeting BP adopted two employee share schemes for UK group companies. One was the BP Group Participating Share Scheme and the other the BP Group Savings-Related Share Option Scheme. These cover employees (including executive directors) of participating companies with respectively at least four years' and two years' continuous service with BP or its subsidiary or associated companies. The maximum number of Ordinary Shares that may be issued in any year under the Participating Share Scheme is 1% of BP's then issued Ordinary capital and, over the life of the scheme, 50 million Ordinary Shares (subject to adjustment in the event of a capitalisation or rights issue). The maximum number of Ordinary Shares for which options may be granted in any year under the Share Option Scheme is 1% of BP's then issued Ordinary capital and, over the life of the scheme, 10 million Ordinary Shares (subject to adjustment in the event of a capitalisation or rights issue).

4. Miscellaneous

(a) An agreement dated 31 October 1979 between HM Treasury, the Bank of England, BP and its Directors and others contains provisions to facilitate this Offer and includes indemnities to BP and its Directors and others. An agreement of the same date provides for the sub-underwriting and underwriting of the Offer in consideration of commissions aggregating 1⅞% of the total offer price plus VAT, out of which the Underwriters will pay a sub-underwriting commission of 1¼% and fees to the Brokers to the Offer. The Underwriters and Brokers will bear their own expenses, other than legal expenses. Subject as aforesaid, the expenses of the Offer, including stamp duty, will be paid by HM Treasury.

(b) The Ordinary Shares now offered are registered in the name of The Solicitor for the Affairs of Her Majesty's Treasury and are administered by the Lords Commissioners of Her Majesty's Treasury on behalf of HM Government. Apart from the Bank of England's holding of 311,270,028 Ordinary Shares of BP, the Bank's Pension Fund owns 1,470,000 Ordinary Shares while the Bank's nominee companies held on behalf of customers at 12 October 1979 a total of 8,951,500 Ordinary Shares.

(c) No Director has any interest in shares or debentures of subsidiaries of the Company. Interests of the Directors as recorded in the Register maintained pursuant to the Companies Act 1967 do not, in the aggregate, exceed 100,000 Ordinary Shares of BP. No Director is materially interested in any contract that is significant in relation to the Company's business. The Chairman and Sir Alastair Pilkington are Directors of the Bank of England. The Earl of Inchcape is Chairman of P&O.

(d) Save as disclosed herein and for intra-group transactions, neither the Company nor any of its subsidiaries has between 31 December 1978 and the date of this document made any material issue of share or loan capital or entered into any commitment to make any such issue and no material commissions, discounts, brokerages or other special terms have been granted by the Company or any of its subsidiaries in connection with the issue or sale of any share or loan capital of the Company or any of its subsidiaries. Options are being made available by BP under the Savings-Related Share Option Scheme subject to the limit referred to in paragraph 3 above. Subject thereto and to employee stock options of BP Canada and Sohio no share or loan capital of the Company or any of its subsidiaries is under option or agreed conditionally or unconditionally to be put under option.

(e) A report to the Secretary of State for Foreign and Commonwealth Affairs (the Bingham Report) in respect of allegations of evasion of Rhodesia sanctions by major oil companies, including BP, was published in September 1978 and the Director of Public Prosecutions is investigating whether or not any action should be taken in respect of the matters dealt with in the report. Two civil claims related to the Rhodesia situation are referred to in note (xii) in the Accountants' Report. There are no legal proceedings pending or threatened considered by BP to be likely to result in any material change in the financial condition of the group.

(f) Ernst & Whinney have given and have not withdrawn their written consent to the issue of this document with the inclusion of a copy of their Report set out above, and the references to them herein, in the form and context in which the same are included.

5. Documents Available for Inspection

Copies of (a) the Memorandum and Articles of Association of BP; (b) the Report and Accounts of BP for each of the two financial years ended 31 December 1978; (c) the agreements referred to in paragraph 4(a) above; (d) the consent of Ernst & Whinney referred to in paragraph 4(f) above; and (e) the Registration Statement, as from time to time amended, lodged with the SEC, may be inspected at the offices of Linklaters & Paines, Barrington House, 59-67 Gresham Street, London EC2V 7JA during usual business hours on weekdays, Saturdays excepted, up to and including 9 November 1979.

DATED 31 October 1979.

Copies of the 1978 Annual Report and Accounts of BP and of the US Prospectus are obtainable (within the limit of available supplies) from the Secretary, The British Petroleum Company Limited, Britannic House, Moor Lane, London EC2Y 9BU.

Copies of this Offer for Sale and Application Forms may be obtained from:

Bank of England, New Issues, Watling Street, London EC4M 9AA, the branches and the Glasgow Agency of the Bank of England.

The head offices and main branches of:

Bank of Scotland, Barclays Bank Limited, Clydesdale Bank Limited, Co-operative Bank Limited, Coutts & Co., Lloyds Bank Limited, Midland Bank Limited, National Westminster Bank Limited, The Royal Bank of Scotland Limited, Williams & Glyn's Bank Limited, Yorkshire Bank Limited.

The main UK branches of Allied Irish Banks Limited, Bank of Ireland, Northern Bank Limited and Ulster Bank Limited.

The main branches of Trustee Savings Banks.

Main Post Offices.

The Underwriters:

S. G. Warburg & Co. Ltd.,
30 Gresham Street,
London EC2P 2EB.

Robert Fleming & Co. Limited,
8 Crosby Square,
London EC3A 6AN.

Kleinwort, Benson Limited,
20 Fenchurch Street,
London EC3P 3DB.

Lazard Brothers & Co., Limited,
21 Moorfields,
London EC2P 2HT.

Morgan Grenfell & Co. Limited,
23 Great Winchester Street,
London EC2P 2AX.

J. Henry Schroder Wagg & Co. Limited,
120 Cheapside,
London EC2V 6DS.

The Brokers to the Offer:

Mullens & Co.,
15 Moorgate,
London EC2R 6AN.

J. & A. Scrimgeour Limited,
The Stock Exchange,
London EC2N 1HD.

Hoare Govett Limited,
Heron House,
319/325 High Holborn,
London WC1V 7PB
and also at
27 Throgmorton Street,
London EC2N 2AN.

Cazenove & Co.,
12 Tokenhouse Yard,
London EC2R 7AN.

Rowe & Pitman,
City Gate House,
39-45 Finsbury Square,
London EC2A 1JA.

Amounts Payable on Application

For 75 shares the amount payable on application is £112·50.
For examples of higher amounts, see below:

No. of shares	Amount £	No. of shares	Amount £
100	150	600	900
150	225	700	1,050
200	300	800	1,200
250	375	900	1,350
300	450	1,000	1,500
350	525	2,500	3,750
400	600	5,000	7,500
450	675	10,000	15,000
500	750	and so on in the appropriate multiples	

هكذا من الأصل

UK NEWS

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	The Camping Trade Exhibition (0634 221299) (until Nov. 7)	Harrogate
Nov. 7—8	Bristol Contract Flooring Exhibition (01-236 0911)	Holiday Inn, Bristol
Nov 13—15	The All-Business Show (0582 23475)	Dunstable
Nov. 13—18	International Furniture Show (01-724 0851)	Nat. Exbn. Centre, B'ham.
Nov. 20—23	Electronics '79 Show (021 705 6707)	Olympia
Nov. 20—23	International Exhibition for the Food and Allied Industries (0273 698281)	Olympia
Nov. 21—23	National Aids for the Disabled Exhibition (0732 59533)	Wembley Conference Centre
Dec. 3—7	Royal Smithfield Show (01-235 7000)	Earls Court
Dec. 4—8	Breadboard Exhibition (Home Electronics) (0822 4671)	Royal Horticultural Hall
Dec. 11—13	Automatic Testing Exhibition (02802 5236)	Metropole Exhibition Hall, Brighton
Dec. 28—Jan. 6	Camping, Outdoor Holiday Exhibition and Motor Caravan Show (01-262 2886)	Olympia

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	Do-It-Yourself Exhibition (until Nov. 11)	Paris
Current	Motor Show (01-734 9678) (until Nov. 12)	Tokyo
Current	Spanish Atlantic Trade Fair (until Nov. 11)	Las Palmas, Canary Islands
Current	International Food Fair—Beverages—Equipment (until Nov. 11)	Thessaloniki
Nov. 6—10	International Exhibition for Electronics Production (01-486 1951)	Munich
Nov. 6—8	British Columbia Business Show (01-540 1101)	Vancouver
Nov. 7—8	Resins and Pigments Exhibition (0737 68611)	Copenhagen
Nov. 9—13	"Banque '79" Exhibition at Banking Congress	Luxembourg
Nov. 10—18	International Hotel and Tourist Equipment Exhibition	Genoa
Nov. 11—21	International Book Exhibition (01-540 1101)	Berlin
Nov. 13—16	Industrial Safety and Occupational Health Congress and Exhibition (01-409 0956)	Dusseldorf
Nov. 13—17	International Maritime Exhibition—EUROPORT	Amsterdam
Nov. 14—17	Asian Business Expo	Hong Kong
Nov. 16—18	International Footwear and Leather Goods Accessories Exhibition	Florence
Nov. 16—21	Heating, Refrigeration and Air Conditioning Techniques Exbn. INTERCLIMA/EXPOCLIMA (01-439 3964)	Paris
Nov. 18—25	International Building Exhibition (01-439 3964)	Paris
Nov. 20—23	Trade Fair for Clothing Textiles (01-734 0543)	Frankfurt
Nov. 21—24	Medical and Technical Exhibition and Congress (01-409 0956)	Dusseldorf
Nov. 21—27	IGEHO '79 Industrial and Institutional Catering Exhibition	Basle
Nov. 26—30	International Market for the European Diffusion of Sub-Contracting	Brussels
Nov. 27—Dec. 2	Swissfit '79 Exhibition for Swimming Pools and Sporting Equipment	Zurich

BUSINESS AND MANAGEMENT CONFERENCES

Date	Title	Venue
Nov. 5—6	Management Centre Europe: Donald A Schon on *Innovation and New Business Development*	Geneva
Nov. 5—9	Crown Eagle Communications: Concentrated Course in *U.S. Government Contracts* (01-636 0617)	Holiday Inn, Swiss Cottage
Nov. 6	Executant Conferences: Justifying and Selecting *Automatic Test Equipment* (0494 33171)	Hotel Russell, WC1
Nov. 7—9	American Tax Institute in Europe: North *American Tax Planning Conference* (Telex 613524 F)	Zurich
Nov. 8	Oyez/IBC: Dealing with the Press, Radio and Television—Know Your Legal Rights (01-242 2481)	Royal Lancaster Hotel, W2
Nov. 8	*Industrial Marketing Research Assoc:* Chemicals For Lubricants and Functional Funds (Lichfield 23448)	Cafe Royal, W1
Nov. 8	IPS: Office Services (0990 23711)	Europa Hotel, W1
Nov. 8—9	CCC: *Costs of Delays and Variations in* Construction Industry-Preparation, Negotiation, and *Settlement of Claims by Contractors and* Employers (01-222 6362)	Hotel Inter-Continental, W1
Nov. 9	ESC: *Food and the Law—A round-up of current* requirements in the UK and EEC countries (057232 2711)	*Hilton Hotel, W1*
Nov. 12—13	Seminars International: Product Liability—Avoiding Claims, Minimising Risk and Cutting Costs (01-235 2000)	Hyde Park Hotel, W1
Nov. 12—16	Kepner Tregoe: Decision Making for Senior Management (0628 33088)	Wheetely Hall Hotel, Banbury
Nov. 12—23	*Lamsac: Organisation and Methods (01-828 2333)*	*City of Leicester Polytechnic*
Nov. 12—13	Oyez/IBC Wills and Probate (01-242 2481)	Connaught Rooms, WC2
Nov. 13	*Inbucon: Focus on Priorities (01-353 3851)*	Café Royal, W1
Nov. 13	Oyez/IBC Current Cost Accounting (01-242 2481)	Cavendish Conference Centre

The week in Parliament

TODAY

COMMONS — Education Bill, second reading.

LORDS—Sale of Goods Bill, committee. Justices of Peace Bill, committee. Protection of Official Information Bill, *second reading. Short* debate on steel industry in Scotland.

SELECT COMMITTEES—Public Accounts: 1977-78 accounts of Manpower Services Commission. Witnesses: Department of Employment, Manpower Services Commission, 4.45 pm. Room 16.

TOMORROW

COMMONS — Industry Bill, second reading.

LORDS — Bail Bill, second reading. Ministry of Overseas Development Dissolution Order. Debate on passport union in EEC. Short debate on future strategy of British Airways.

SELECT COMMITTEES — Parliamentary Commissioner for Administration Committee. *Witness: Parliamentary Commissioner for Administration, 5 pm.* Room 6.

WEDNESDAY

COMMONS—Supply day debate on steel industry. Motions on members' interests.

LORDS—Debate on Government policies to deal with difficulties and opportunities facing the country.

SELECT COMMITTEES—Public Accounts: 1977-78 Accounts of Manpower Services Commission. *Witnesses: Department of Employment, Manpower Services Commission, 4 pm.* Room 16.

THURSDAY

COMMONS—Isle of Man Bill. European Communities (Greek Accession) Bill, remaining stages.

LORDS—Sale of Goods Bill, third reading. Justices of the Peace Bill, report. Gaming (Amendment) Bill, third *reading. Bill of Rights Bill,* second reading. Family Income Supplements, regulations and various social *security motions.*

FRIDAY

COMMONS—Private Members' Bills.

Fish problems

MR. ALICK BUCHANAN-SMITH, Minister of State for Fishing, visits the West country this week to study the mounting problems facing the in-shore fishing industry. He is due to spend a night at sea on a fishery protection vessel watching the mackerel fishing boats.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-division shown below is based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—
Dowding and Mills, 75, Harborne Road, Birmingham, 12.00
Ferry Pickering, Allen House, Newarke St., Leicester, 12.00
Moritex, Moritex House, 107, High St., Edgware, Middlesex, 12.00
Rosehaugh, Winchester House, 77, London Wall, E.C., 11.00
Whitworth Electrical, Great Western Royal Hotel, Paddington, W., 3.00

BOARD MEETINGS—
Finals:
Beazer (C. H.)
Brit. Car Auction
Cedar Inv. Tst.
Hensher (Furniture Trades)
Lucas Inds.
Interims:
Assctd. Brit. Foods
Chesterfield Props.
Electrocomponents
Kwick-Fit (Tyres and Exhausts)
Ropner Hldgs.
Shiloh Spinners

DIVIDEND & INTEREST PAYMENTS—
Albany Inv. Trust, 0.55p
Bank of Scotland Cap., 7.25p
Berwick Timpo 5½pcPf, 1.925pc
Brown and Jackson, 4p
Carlton Inds., 4p
Dowding and Mills, 0.91p
Gibbons Dudley, 1.575p
London and European, 0.6p
London and St. Lawrence Inv., 0.399p
Metal Closures, 2.2p
Morrison (Wm.) Supermarkets, 0.7p
Neill (James), 2.2p
North British Canadian Inv. Trust, 1.3p
Roan Consolidated Mines, K0.125
Scottish Agricultural, 5.75p
Scottish Northern *Inv. Trust*, 1.2p
Second City Properties, 1.451p
Selection Trust, 9p
Sykes (Henry), 1.5p
United States Debenture Corp., 2p
Watmoughs, 1.3p
Winchmore Inv. Trust, 0.4p

TOMORROW

COMPANY MEETINGS—
Staffordshire Potteries, North Stafford Hotel, Stoke on Trent, 12.30

BOARD MEETINGS—
Finals:
Allied London Props.
Bridport-Gundry
Kynoch (G. and G.)
London Entertainments
London and Prov. Shop
Martonair
Riley (E. J.)
Scottish Natl. Tst.
Wellco
Interims:
Acrow
Bank of Ireland
Capper-Neill
Carless Capel and Leonard
Clarke (Clement)
Eva Inds.
Headlam, Sims and Coggins
Roberts, Adlard
Scotcros
Somic
Tern Consulate
Whitbread

DIVIDEND & INTEREST PAYMENTS—
Arndale Property Trust Ln., 3¾pc
Associated British Foods, Deb., 3¾pc
Bentalls, 0.3p
Brixton Estates, 1.4555p
Do. Deb. 3½pc
Brooke Bond Liebig Ln., 3¼pc
Burton Group Ln., 3½pc
Cadbury Schweppes Ln. 4¼pc
Carpets Intnl., Deb. 4¼pc
Do. Ln., 4¼pc
Courtaulds 6pcPf., 2.1pc
Do Lns., 3¼pc, 3¾pc
Delta Metal Deb., 3¼pc
Distillers Ln., 3¼pc
Elecо Deb., 3½pc
Horst (Charles) Motors Deb., 3¼pc
Metal Box Ln., 5¼pc
Movitex, 0.7p
Staffordshire Potteries, 3.87p
Tilling (Thomas) Ln., 4¼pc
Transport Developments, 1.45p
Whitbread Ln., 3½pc (95-99)

WEDNESDAY, NOVEMBER 7

COMPANY MEETINGS—
Hampson Inds., Chamber House, 75, Harborne Rd., Edgbaston, Birmingham, 12.00
Throgmorton Sec. Growth Trust, 25, Milk Street, E.C., 12.30
West of England Trust, 16, Canynge Road, Bristol, 12.00
Zetters, 86/88, Clerkenwell Rd., E.C., 11.30

BOARD MEETINGS—
Finals:
Cent. Mfg. and Trdg.
Jenks and Cattell
Utd. City Merchants
Interims:
Airflow Streamlines
Boot (Henry)
Feeder Agricultural Inds.
Hartwells
London Tst
Mountview Ests.
Readicut Intnl.
Sainsbury (J.)
South African Breweries

DIVIDEND & INTEREST PAYMENTS—
BBA Deb., 5pc
BLMC Ln., 3¼pc
Blue Circle Deb., 5¼pc
Bowater, 4.25p
Bristol Channel Ship Repairers, 0.4p
British Empire Secs. and General Trust, 0.6p
Burroughs, 55cts
Cowie (T.) Ln., 5pc
EMI Lns., 2½, 3½, 3¾, 4¼pc
Fodens Deb., 4¼pc
Glendevon Inv. Trust, 1.35p
Tate and Lyle, 4p

THURSDAY, NOVEMBER 8

COMPANY MEETINGS—
Austin (F.) (Leyton), Argall Avenue, Leyton, E., 12.00
Britax, Regent Centre Hotel, Carburton St., W.C., 12.00
Kwahu, 25/35, City Road, E.C., 12.00
Sirdar, Bective Mills, Alverthorpe, Wakefield, Yorks, 12.00
Tor Inv. Trust, 6, Caer Street, Swansea, 10.15

BOARD MEETINGS—
Finals:
G. R. (Hldgs.)
Hardys Brewery
Natl. Bk. of Australasia
Safeguard Ind. Inv.
Speedwell Gear Case
Interims:
Allnatt London Props.
Aquascutum
Brent Walker
Cater Ryder
Fortnum and Mason
Hill (Philip) Inv. Tst.
Leech (William) (Builders)
London and Midland Inds.
Portsmouth and Sunderland *Newspapers*
Progressive Secs. Inv. Tst.
Slingsby (H. C.)
Staveley Inds.

DIVIDEND & INTEREST PAYMENTS—
Austin (F.) (Leyton), 0.6p
British Petroleum, 22p
Charterhouse Group, 1.6p
Harris and Sheldon, 1.25p
Minerals and Resources, 8cts
Northumberland 7pc Red. 78-80, 3½pc
Throgmorton Secured Growth Trust, 1.6375p
Tioxide Ln., 5¼pc
Tor Inv. Trust Inc., *4.375p*
Do. Cap., 0.672p
West of England Trust, 1.4817p
Wilmot Breedon Deb., 3¼pc

FRIDAY, NOVEMBER 9

COMPANY MEETINGS—
Bristol Channel Ship Repairers, Channel Dry Dock, Cardiff, 11.30
Campari Intnl., Middlesex Room, Abercorn Rooms, Bishopsgate, E.C., 12.00
Chambers and Fargus, 189/197, Wincolmlee, Hull, 12.00
Forward Technology, London Press Centre, 76, Shoe Lane, E.C., 12.00
Walker (A.), Swan Hotel, Coleshill, Birmingham, 12.00

BOARD MEETINGS—
Finals:
Ulster TV
Wolseley-Hughes
Interims:
Ambrose Inv. Tst.
Futura Hldgs.
Gieves
Nineteen Twenty-Eight Inv. Tst.
Wire and Plastic Prods.

DIVIDEND & INTEREST PAYMENTS—
American Express, 45cts
Barton and Sons, 1.4p
Bridon, 2.3p
Carrington Viyella, 0.7p
Change Wares, 0.3p
Cray Electronics, 1.15p
Expanded Metal, 2p
Falcon Mines, 60cts
Fogarty (E.), 1.6078p
Gibbs (Anthony) 0.715p
Globe and Phoenix Gold Mining 1.25p
Grant (James), (East) Deb., 3¼pc
Hall Eng., 3.1p
Hampson Inds., 0.525p
Harmony Gold Mining, 46.76259cts
Imperial Chemical Inds., 12p
Kwahu, 1.84p
Meat Trade Suppliers, 4.375p
Ratcliffe (F. S.), 4.25p
Royal Bank of Scotland Floating Rate Cap. Notes 1983, $US59.7361
Sheffield Brick 0.75p
Shell Transport and Trdg. (Reg.) (inc. 2.153p special div.) 10.432p
Do. (Br.) (incl. 2.153p special dividend), 10.432p
Southwark 6½pc Red. 83-86, 3¼pc
Stewart Wrightson, 3.85p
Tarmac, 5p
Ultramar, 5p
Walker (J.) (Goldsmith and Silversmith) Ord. and NV Ord., 2.8p
Ward White, 1.4p
Wilkinson Warburton, 1.84p
William and James (Eng.), 1.155p
Zetters, 1.9p

SATURDAY, NOVEMBER 10

DIVIDEND & INTEREST PAYMENTS—
Bolam, 1.4p
Hampshire 9¼pc Red. 78-79, 4⅝pc
Johnstone (W. F.), 23cts
Sommerville (Wm.) 6pcPf., 2.1pc

SUNDAY, NOVEMBER 11

DIVIDEND & INTEREST PAYMENTS—
Alliance Trust Debs., 1¾, 2¼pc
Dundee Anns. Police 3¼pc Db., 1⅝pc
Do. Water 3¼pc Deb., 1⅝pc
Do. Gas 3¼pc Deb., 1⅝pc
Forth Ports Authority 3¼pc Founded Debt, 1⅝pc
Glasgow 3½pc Irrd., 1¾pc
Do. 9¼pc Red. 80-82, 4⅝pc
Do. Waterworks Funded Debt 4pc, 2pc
Do. Waterworks Funded Debt. 3¼pc, 1⅝pc
Do. Gas 6¼pc Ann. (Perp.), 3¼pc
Do. Gas 9pc Ann. (Perp.), 4½pc
Hamlyn Angus Milling Deb., 2¼pc
Scottish Mortgage Debs., 2¼, 2½pc
Second Alliance Trust Debs., 1¾, 2¼, 2¾pc
Securities of Scotland Debs., 1½, 3¼pc
Uniroyal Deb., 2¼pc

INSURANCE

Unfair tax on drivers after road accidents

BY OUR INSURANCE CORRESPONDENT

LAST THURSDAY, roughly at the same time as the Government's public expenditure plans were being outlined, the Department of Health and Social Security announced a plan to increase the financial limits for hospital treatment payments after a road accident.

The limits were introduced in 1930 long before the National Health Service was set up.

Arguably, this special tax on motorists should have been abolished when the NHS was established after the war — because no other section of the community was, or indeed is, singled out to make contributions over and above the normal taxation and National Health Insurance contributions.

Motor insurers' liability for hospital charges, however, remained—and the statutory authority for them stems from sections 154 to 156 of the Road Traffic Act 1972.

There are two distinct liabilities. One is for the so-called emergency treatment of road accident victims and this is payable on demand, against the drivers of the vehicle involved, irrespective of his legal responsibility. The other is for the cost of hospital treatment, and here the obligation to pay follows insurers' obligation to compensate the victim under the fault-liability system: thus if the casualty is to blame the hospital authority has no right to reimbursement.

The present limits are £1.25 for emergency treatment, £20 for outpatient treatment, and £200 for inpatient treatment. But these limits were fixed in 1969 and are long overdue for revision. Merely to catch up, the limits would have to be trebled, but the Department of Health and Social Security is proposing a sixfold increase — this presumably to hedge against inflation.

The new limits will be £6.75 for emergency treatment, £125 for outpatient treatment, and £1,250 for in-patient treatment — and the DHSS has conservatively estimated the increase will add an extra £3m revenue over present hospital charges.

The limits will not be introduced immediately. They will apply to accidents on or after April 1 next year, so hospitals will not need to stockpile bills for earlier accidents until after then.

Many insurers must doubt the £3m estimate; my recollection is that three years ago, when the DHSS sought to change the whole basis of hospital charges, insurers estimated they were paying more than £2m a year under the 1969 limits.

On Friday the British Insurance Association estimated that the new limits would add about 2 per cent to insurers' total claim costs in a full year; some individual insurers were more optimistic, others less so, but their estimates were all well short of 5 per cent. But even a part of 1 per cent is an extra burden for which there is no premium margin, in spite of the many rating increases announced this autumn. (The market may well lose over £40m on this year's motor account.)

Many motor insurers have increased their rates twice this year. The DHSS proposals, whatever their financial significance, must inevitably accelerate further increases.

COMPANY NOTICES

GENERAL SHOPPING SA

LUXEMBOURG

ACCORDING TO THE DECISION TAKEN BY THE ANNUAL GENERAL MEETING OF 31ST OCTOBER 1979

A Dividend of U.S.$ 10.50 per share will be paid for the business year *1978-79*

This dividend is payable with effect from 5th November 1979 against presentation of Coupon No. 17. Payment will be made, without charges, by Williams & Glyn's Bank Limited, London and by all banks assuming the financial service for the company in other countries.

Payment in the United Kingdom will be made in pound sterling, the $ being converted at the current rate.

For the Board of Directors:
R. H. LUTZ, Chairman.

Luxembourg, November 1979.

TENDERS FOR GREATER LONDON BILLS

1. The Greater London Council hereby give notice that Tenders will be received at the Chief Accountant's Office, (Bank Buildings), Bank of England, London, EC2R 8EU, on Monday, 12th November, at 12 noon for Greater London Bills to be issued in conformity with the Greater London Council (General Powers) Act, 1967, to the amount of £35,000,000.
2. The Bills will be in amounts of £5,000, £10,000, £25,000, £50,000, £100,000 or £250,000. They will be dated Thursday, 15th November, 1979; and will be due 91 days after date, without days of grace.
3. Each Tender must be for an amount not less than £25,000, and must specify the net amount per cent (being a multiple of one new halfpenny) which will be given for the amount applied for.
4. Tenders must be made through a London Banker, Discount House or Broker.
5. The Bills will be issued and paid at the Bank of England.
6. Notification will be sent by post, on the same day as Tenders are received, to the persons whose Tenders are accepted in whole or in part and payment in full of the amounts due in respect of such accepted Tenders must be made to the Bank of England, by means of cash or by draft or cheque drawn on the Bank of England not later than 1.30 p.m. on Thursday, 15th November, 1979.
7. Tenders must be made on the printed forms which may be obtained either from the Bank of England, or from the Council's Offices at The County Hall.
8. The Greater London Council reserve the right of rejecting any Tenders.

M. F. STONEFROST,
Comptroller of Financial Services.
The County Hall,
London SE1 7PB
5th November, 1979.

BLUE CIRCLE INDUSTRIES LIMITED

NOTICE TO HOLDERS OF BEARER WARRANTS

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of the above-mentioned Company will be held at Portland House, Stag Place, London, SW1 on Thursday, 29th November, 1979 at 3.00 p.m. for the purpose of considering and, if thought fit, passing the following RESOLUTION which will be proposed as a SPECIAL RESOLUTION:

RESOLUTION

THAT the provisions of the Memorandum of Association of the Company with respect to the objects of the Company be altered by deleting Clause 3 thereof and substituting therefor a new Clause in the form contained in the printed document produced to the Meeting and for the purpose of identification signed by the Chairman thereof.

By Order of the Board.
H. W. R. HAM,
Secretary.

Dated 5th November, 1979.
Registered Office:
Portland House,
Stag Place,
London SW1E 5BJ.

In accordance with conditions 16-19 of the Conditions of Issue endorsed on the Company's Stock Warrants a holder may attend and vote at the meeting or may appoint a proxy to attend and on a poll vote instead of him. A proxy need not be a member of the Company.

A copy of the new Clause referred to in the resolution may be obtained on application to the Secretary of the Company at the address shown above.

LEGAL NOTICES

PREVENTION OF FRAUD (INVESTMENT) ACT 1958

NOTICE IS HEREBY GIVEN that:

1. Roynton Ltd. of 40/41 St. Andrew's Hill, London, EC4, has relinquished the Principal's licence issued pursuant to Section 3 of the Act, having transferred its business to Portfolio Management Ltd. of 14 Charterhouse Square, London, EC1.
2. Roynton Ltd. has made application to the Department of Trade pursuant to Regulation 5 of the Prevention of Fraud (Investment) Deposit Regulation 1944 (S R & O 1944 No. 541) for the release of the £350 British Assets 5% Convertible Stock 1973/98 *deposited in pursuance of Section 4 of the Act.*
3. Any persons having a claim on the funds representing the deposit should send their names and addresses and details of their claim to the Assistant Secretary, Companies Division, Department of Trade, Sanctuary Buildings, Great Smith Street, London, SW1, not later than 26th November, 1979.

PUBLIC NOTICES

CITY OF LEEDS

Bills totalling £9.6 million were issued 2nd November 1979 due to mature 1st February 1980 at an average price of 13.5120924%. Minimum price of 13.53125% accepted for £3 million.) Applications totalled £95 million. No other Bills are outstanding.

FINANCIAL TIMES REPORT

Monday November 5 1979

The North East

Change is coming to the North East but not fast enough. Companies have been attracted to the region and new jobs created. But despite the efforts being made to speed this process the underlying need is to adapt from a reliance on basic heavy industries such as coal, steel and shipbuilding to the diversified needs of the modern economy.

Order books are short

By Anthony Moreton

Regional Affairs Editor

WITH THE sleek high-speed Inter-City 125 trains on the line it is now possible to cover the 286 miles between London and Newcastle non-stop in just under three hours. The journey is as good as any in Britain and there are few others in the world to beat it. This new service is just one example of how the latest technology is bringing the North East closer to the centres of decision-making.

A modern airport just outside the city links Newcastle not only with the rest of Britain but also with several European centres. And a motorway spine bisects the region on its way north towards the Scottish border.

Yet such evidence of modernity, and others in the steel industry at Redcar and the great chemical works on Teesside, are surface dressing; regrettably, there is too little depth of new industry. The economic soil remains what it has been for more than a generation: a land of industries overtaken by events and on which too little has been spent.

The four counties which make up the North East—Northumberland, Tyne and Wear, Durham, Cleveland—are still the home of shipbuilding, heavy engineering, coal and steel, industries which forged Britain's 19th-century greatness but which have been overtaken by progress in countries such as Japan and Korea, not to mention West Germany in the second half of the 20th century.

This shift is also to be seen in the area's social life as in its industry. Newcastle is a clean, attractive, well-designed city and its people are both smart and affluent looking. The Eldon Square shopping centre puts most of Britain's other cities to shame. But once you leave central Newcastle, with its university precinct, Durham, with its great cathedral and university, and some of the other main towns this is Andy Capp country with its flat caps and racing pigeons, working-men's clubs and football fervour that equals anything outside Glasgow.

Roker Park in Sunderland, Ayresome Park in Middlesbrough and St. James's Park in Newcastle are the apotheosis of that other north. Here the men gather as though there were no other game, as though the hunting pinks of show jumping and black bow ties of snooker had never been discovered by television.

What they largely gather to support each winter Saturday afternoon now is second division stuff. Newcastle and Sunderland have known better times: they have been among the princes of the game. But no longer. The glory, glory days have gone.

As in sport, so in life. Among the yards on the Tyne and the Wear the glory, glory days have also gone. The yards live from hand to mouth, waiting for each new order to keep going. There is little assurance. The order books are short.

This means that the associated engineering works, built to supply the adjacent yards with massive boilers and every other item that goes into a ship, are going to have an equally difficult future.

Opportunity

Partly, that is their own fault; but only partly. The engineering side of the North East missed a marvellous opportunity to win a good share of the North Sea oil-related business that was then going. Had there been sufficient foresight to get into that trade, then the North East might not have been in quite such difficult straits as it is today. To be fair, this was not a peculiarly North Eastern problem; it was one shared by a lot of British industry.

Shipbuilding nowadays, after all, is little more than engineering by the riverside. The old procedures of building ships from the keel up have been replaced by assembling units and then floating them off. Some works, such as Austin and Pickersgill, have been highly successful in doing this; others have been less so and have been overtaken by foreign competitors.

It is possible, for instance, to translate the techniques of shipbuilding into making modules for the oil rigs and platforms. An assembled unit that goes into a ship can easily go into something else. But the North East has lost out on this form of diversification. Management has let an opportunity slip.

Some of the difficulties have arisen because of a shortage of skilled craftsmen, a deficiency which most of the country is experiencing. The shortage has occurred despite a good record by many employers towards apprentice training. British Shipbuilders, for one, takes a good complement of boys each year and other companies are equally progressive. But the lack of skilled men, combined with the general uncertainty which hangs over so much of the area's basic industry, has led to the creation of a substantial black economy.

This perhaps explains how so much of the North East enjoys a high standard of living at a time of emerging depression. Unemployment levels in the North East are generally higher than elsewhere but the visible sights in Newcastle, Durham, Washington are far removed from images of depression. It is in the older pit villages and some of the small towns where it is clear that little has been done to bring them up to date.

Partly this seeming contradiction may be due also to the fact that the area has been able to gain a fair share of new service industries. Newcastle is a regional capital and houses many government offices.

The new towns of Washington, Peterlee and Aycliffe have contributed as well. They have managed to attract considerable new industry and provide housing of a type not easily obtainable either in the cities, with their close-packed streets of Victorian, and later, buildings. Life in the new towns is considerably prized, not only because of their amenities but also for the opportunities they give for a different life, one associated much more closely with the countryside.

Much of the area will continue to receive the highest levels of government grant even after the full re-drawing of the assisted-area map after 1982. Government aid has not been unsuccessful in the North East; new companies have been attracted and jobs have been created, especially in the new towns.

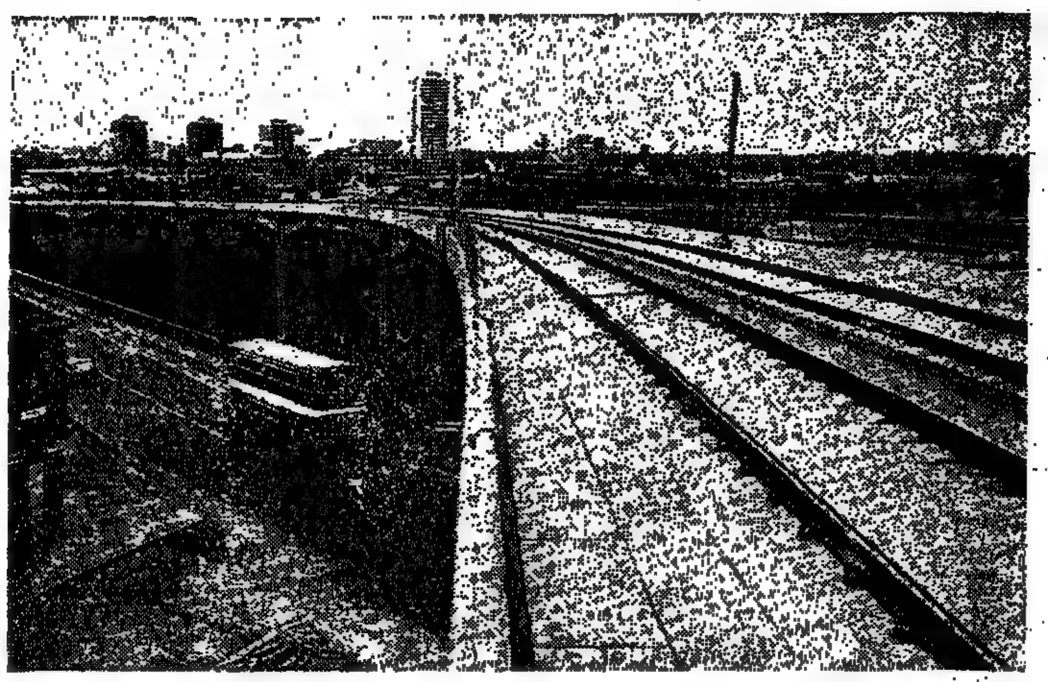
Indeed, by giving the special development areas an extra financial edge over the downgraded development areas—and considerable parts of the region fall into the former category—the region may even be given an extra competitive edge.

But it is arguable that the best thing government could have done for the area was to have launched a massive re-training programme. Workers in the area simply are not mobile. One in every five employees in Sunderland—population well over 200,000—goes home for a midday meal. Many in Newcastle travel no more than half a mile to work.

Benefit

To go from Wallsend to Washington, about nine miles, would not be undertaken on any scale even if there were adequate public transport. It is 35 minutes on the motorway between Darlington and Newcastle, but the only people who do the journey are the white-collar workers.

If past governments had pumped in large sums by way of re-training—and if this one would consider it—the result might have been of more economic benefit than the present policy of seeking to attract footloose industry. The day has gone when the world wants shipyard welders and caulkers but, as has been proved in other parts of Britain, it is possible to re-train former miners to be assemblers in Japanese-owned factories. Such a policy might have given more economic life to Tyneside and Wearside. It is still not too late to work along these lines.



The Tyneside Metro rapid-transport rail system is due to open next year—one of the signs of progress in the region

Industry in transition

[I]NDUSTRIAL revolution ... difference is now getting ... [w]ay in the North East 100 [yea]rs after the first great up[s]urge in industrial activity produced the original mix of coal, steel, shipbuilding, heavy engineering and chemicals industries which came to dominate life in this part of the UK.

While the inevitable contraction of these industries in the face of competition from newer producers elsewhere in the developed and developing world is still resulting in the loss of thousands of jobs, a less-obvious trend over the past few years in the region has been the growth of small companies, many of them employing only a handful of people.

Of all the regions in the UK the North East traditionally has had the fewest small and medium-sized companies, mainly because the old industrial giants, and the nationalised industries which in many cases have succeeded them, were largely self-sufficient and did not need to rely heavily on outside suppliers.

The monthly reports of the North of England Development Council, the body responsible for promoting the area, now paint a somewhat different picture. Every month brings details of a variety of new clothing, engineering, plastics and other ventures which, while they may not be offsetting job losses elsewhere, are at least creating some new opportunities with potential for further expansion.

The growth of this sector is one result of the very considerably effort now being put by local authorities and other agencies in the area into wooing potential small investors with the offer of a wide range of financial and other incentives.

Though efforts to attract major new projects continue, and indeed still meet with occasional success, competition for the few available developments of any size is now both intense and international. One of the few big schemes with a high labour potential which the North-East has been able to secure this year is a proposed Findus meat processing plant which is likely to go to Long Benton in Newcastle and to employ more than 1,000 people.

Another reason to spur local initiatives is that some projects attracted in the past have run into problems.

The past year has seen Courtaulds close down with the loss of 1,600 jobs and an acrylic yarn plant opened in the late 1960s and expanded twice. In this case the expansion was over-ambitious and the company has returned to its original acrylic yarn base in Yorkshire.

Other high fliers which have cut back on activities expanded in the past 10 years include Wilkinson Sword, the razor blade company which sacked almost one third of its labour force at Cramlington earlier this year, and Lonrho, which has scaled down the household textiles plant it took over from Brentford Nylons, again at Cramlington.

The hope shared by all the various bodies involved in industrial promotion in the North East is that the growth in small companies will give the area a much broader industrial profile and so make it much less vulnerable to problems affecting basic industries such as steel and shipbuilding.

Even where individual industrial sectors are concerned there can also be safety in numbers as Mr. Mel Hague, Executive Director, Planning for Tyne and Wear, points out. "Around 2,000 jobs were lost in the county as a result of the Burton group's decision to rationalise the manufacturing operations of its Jackson the Tailor subsidiary. Around 40 new clothing companies have been set up, however, over the last two to three years, and have helped to absorb the labour force."

Encourage

Tyne and Wear county itself has sought to stimulate the growth of local enterprises through the provisions of its own Act of Parliament. This gives it powers to use rate funds to build small factories, make grants and loans to businesses and to carry out environmental improvements.

So far the county has designated four industrial improvement areas in older areas where factories have become run down. The schemes, on which about £1m a year is being spent, are designed to encourage private companies themselves to spend money on improving their premises to create better and generally more attractive places of work.

Newcastle City, one of the metropolitan districts within Tyne and Wear, also has about £1m available for industrial assistance in the current year and is again concentrating most of its attention on aiding smaller businesses. Durham, too, has its own legislation dating back to the 1960s enabling it to assist industry and a variety of schemes are also offered by the counties of Cleveland and Northumberland.

Other assistance to small companies is available from the National Enterprise Board's northern office in Newcastle which has recently entered into special arrangements with the Midland Bank to provide capital for new ventures. Most new projects big and small will also qualify for the various Department of Industry incentives.

But although the machinery for promoting new development in the North East is now more comprehensive than ever, it remains to be seen whether it will yet be able to prevent further substantial rises in unemployment from the present figure of 117,000 (including Cumbria) when the present world recession begins to bite even harder next year.

Redundancies over the past few years in the region have been running at about 20,000 per annum and in the first nine months of this year amounted to 16,000. Significantly, despite 38,000 job losses in the past two years, the unemployment total for the region was almost the same in October this year as in October, 1977, suggesting that at least enough jobs were created to balance those lost.

Unemployment in the North was 26 per cent higher than the national average in early 1976 but is now 55 per cent higher. The number of unemployed in relation to vacancies is five times higher, too, in the North than in the South East and double the national average.

In mining, the National Coal Board has invested about £128m in the North East since 1974, much of it in opening up new seams under the North Sea. The area's 28 pits lost about £20m last year however, and reduced returns from the profitable opencast sector left a net operating loss of £300,000 for 1978-79. This year there has been a significant improvement in output by the area's 34,000 miners, and strong demand from the coalfield's main customer, the electricity supply industry.

Demand for the coking oil produced in Durham has been hit however by the steel industry's prolonged recession and by the British Steel Corporation's decision to rely on imports of very cheap Australian coal for the bulk of its requirements at the massive new Redcar blast furnace, commissioned recently.

The Redcar plant, at Teesside is Europe's biggest blast furnace, with a capacity of 10,000 tonnes a day. This £400m project, together with the associated Hackenby basic oxygen steel-making plant with an annual output of almost 5m tonnes a year, makes Teesside BSC's most important single site. However, it represents only a part of the steel expansion at one time proposed in the area.

The inevitable consequence, too, has been the closure of older works in Middlesbrough, Hartlepool and most recently the plate works at Consett, with a loss altogether of several thousand jobs. The completion of the Redcar scheme also poses a threat to the remaining blast furnace and steelmaking operations at Consett which currently employ about 4,500 men.

In shipbuilding, the North East escaped the worst of the cuts announced by British Shipbuilders in August, though some 550 jobs cuts at the North Sands yard in Sunderland were announced nevertheless. The North East was affected earlier in the year, too, by closure of the Harverton Hill Yard in Middlesbrough.

Ability

While world capacity remains the major problem in shipbuilding, the North East has managed in the past month to secure several new orders. However, the region's yards are in need of further orders if employment is to be secured even for the reduced labour force.

In heavy engineering, this year has seen the closure of Vickers' Scotswood plant with the loss of 750 jobs and there has been rationalisation elsewhere as well. The North East traditionally has been a major supplier of electricity generating equipment and its ability to compete in this market and in the likely expansion of the nuclear power industry has been strengthened by the merger of Clarke Chapman, Reyrolle and Parsons to form Northern Engineering Industries.

The future size of the heavy engineering industry in the North East will almost certainly depend, however, on its ability to win orders in export markets against very strong competition.

The development which could outweigh all other considerations in the long-term is microprocessor technology which will inevitably force on companies, big and small, changes both in processes and products. Here there are signs that the North East has been at least as alert as any other part of the UK in seeking to understand the implications and to anticipate the moves that will be needed.

Along with most other parts of Britain the North East has lobbied strongly for selection as the base for one of the four Inmos plants which are to be set up to manufacture very large scale integrated circuits in the UK. Recently, it has been announced that the area is on the short list and, given its very high rate of unemployment and the jobs such a project would be bring, it would almost be surprising if the North East were not successful.

Equally important, however, is the use which the region's industries make of the new technology, and to promote the application of micro-processors a special unit, the Micro-processor Applications Research Institute, has been set up by Tyne and Wear in conjunction with Newcastle University.

The institute began work earlier this year and is now undertaking research on behalf of five organisations. A conference on micro-processors which the institute is holding this week in Gateshead is expected to be attended by senior directors of more than 70 companies.

It is to involvement in new industries of this sort as well as to the rationalisation of its older industries and growth of small and medium-sized businesses that the North East is now looking. The aim ultimately is to arrive at a much more balanced economy and as Dr. John Bridge, head of industrial development at NEDC, points out, considerable progress has been made.

The pharmaceuticals and toiletries industry is just one area, he says, where the North-East has built up a strong representation in a short period.

Rhys David

Prices spiral affects chemicals sector

THE NORTH EAST is one of the major centres of UK chemicals production — estimates suggest that the area accounts for at least a third of the chemical industry's total investment in Britain.

Most of the chemicals majors have sites in the North East at Tyneside, Teesside or Humberside. ICI has a huge complex at Wilton, BP Chemicals has plants at Hull, there is Monsanto at Seal Sands, British Steel Chemicals at Port Clarence, Fisons at Immingham, Rohm and Haas at Jarrow and Seal Sands and Laporte at Stallingborough.

These and many other chemical companies contribute substantially to the region's prosperity. For chemical producers make up one of the most successful sectors of British industry and are likely to continue doing so—despite their sometimes noisy anxiety about cheap U.S. imports and steeply-rising raw material costs.

Last year, total chemical exports rose 10 per cent to £4.2bn which meant the industry accounted for 36 per cent of the UK trade surplus in manufactured goods.

In 1978 the British chemical industry's capital spending was running at just over £1bn and in the three years to 1981 it is expected to invest a further £6.7bn in fixed and new working capital. A substantial slice of this is certain to go to the North East.

And although chemical companies are capital rather than labour-intensive they still do much to boost employment in the area through the opportunities they offer to the construction industry. Yet whether they will continue to do so in the North East is coming increasingly into question.

Two opposing factors are likely to dominate the further development of the North East by the chemical industry during the next few years. The first — highly favourable to the region's future — is the proximity of North Sea oil and gas which are both capable of providing vital raw materials for chemicals production.

The chemicals industry, throughout Europe, has been having a tough time with its gas and oil-based feedstocks during the last year or so. The revolution in Iran and the subsequent halting of Iran's oil exports has driven up the price of naphtha — the oil-based raw material used in making a wide range of chemical products from plastics to solvents — to unprecedented heights.

At the same time, the chemical industry has become more and more aware of the advantages of using gas rather than naphtha as a feedstock.

But gas supplies from the North Sea to the chemical complexes of the North East offer both security from the delivery point of view and, in some cases, the opportunity to introduce cheaper, more efficient methods of production.

Cost

There is even a possibility that some of the gas from the southern North Sea could be piped directly to Humberside or Teesside for use as a chemical feedstock. The investment required for a project of this type would be considerable but, as the cost of all forms of energy rises, it could become more and more of an economic proposition.

But the drawback to these rosy prospects of attracting even greater chemicals investment to the North East is the appalling record of the construction idustry—particularly on the building of chemical plants and particularly in the North East. The list of chemical plants that have suffered from delays and from soaring costs during construction is a long one, headed by ICI's Olefins 6—the group's new ethylene plant at Wilton on Teesside.

The Wilton plant was started at about the same time as a similar ICI ethylene project at Corpus Christi in Texas and the group put in a single management team to oversee both building programmes. The Corpus Christi plant was finished on time and on budget: that at Wilton is running two years late on completion—it has still not come on stream—and the cost of building it has doubled, from £100m to £200m.

Construction groups such as William Press, which is currently one of the main contractors for the building of an ICI terephthalic acid plant at Wilton, point out that the chemical companies themselves are sometimes partly responsible for the delays.

It claims the chemical groups often make too many last-minute design changes and they tend to put pressure on contractors to hire more men without assessing whether or not this will really lead to improvements in speed and efficiency.

Yet the picture is not entirely bleak. Last month Sanderson Projects, a design and engineering group, completed a £1m chemical intermediates plant at Teesside for Seal Sands Chemical. The project was very small beer compared to giants like Olefins 6 but it was put up in record time and by the scheduled date.

Further investment in the North East is likely to be needed over the next few years if the chemical industry itself is to maintain previous employment levels. The energy crisis and other external market influences are forcing some of the big chemical groups to streamline their businesses and this has an inevitable impact on employment.

ICI is planning to cut 1,200 jobs over the next three years at its petrochemicals division on Teesside—a reduction of about 4 per cent a year. The group announced last month that even bigger reductions would have to be made in the workforce at its fibres division which has its headquarters at Harrogate.

Monsanto's decision to pull out of the nylon fibre business in Europe has also affected the region. The closure of the group's two plants in County Durham will result in the loss of 560 jobs.

Hard effort will be required if the North East is to maintain and increase its share of the UK's wealthy chemicals industry. But the opportunity for further chemicals expansion in the region is undoubtedly there.

Sue Cameron

Foreign groups invest

THE JOLLY atmosphere of most factory openings was missing the day Aladdin Industries opened their North-East factory.

Instead of uttering the usual platitudes, the company chairman laid into British Industry with a vengeance. The opening was two months late because no fewer than 17 suppliers failed to deliver on time — hardly an auspicious introduction to the North East, and the men from Aladdin's Nashville headquarters were not slow to let their views be known.

But today it is a very different story. Aladdin have just moved their main UK offices up to Hartlepool and are planning an expansion that should increase their 350 labour force by nearly 60 per cent over the next three years.

Aladdin are one of the successes featured in a promotional film about the North East and the company's executive director Alan Sanders has no hesitation in recommending the region to other American firms.

Apart from the initial problems and the occasional delay in securing specialist tools, *Aladdin finds the North East* an ideal location.

"There is still a widespread ignorance about the North East, and not only abroad. We have this unfortunate slag heap image, although it is a region that has a lot going for it."

Another of the enduring myths is that because the North East workforce is relatively highly unionised, labour relations are bad.

"I find, and many other managers I speak to say the same, that industrial relations are excellent. Industrial relations is not a matter of geography it is a matter of the relationship a management has with its workforce," said Mr. Sanders.

Mr. Sanders' enthusiasm for the North East comes as no surprise to Mr. Malcolm Campbell, the North of England Development Council's publicity chief.

"We find that companies which come to the North East are usually very pleasantly surprised by both the industrial climate and the environment. It is not at all unusual to find that a company will make an initial investment which is so successful that, over the years, the factory doubles or trebles in size." said Mr. Campbell.

Typical

Few firms have such a troubled start but otherwise Aladdin, who make 8m vacuum flasks a year at their Hartlepool factory, is a fairly typical example of the overseas companies which have opened factories in the North East.

A recent survey by the NEDC found 129 factories owned by parent companies from 15 countries.

Almost two thirds of the factories were owned by North American firms, a third had European parents, four Australian, one Japanese and one from Hong Kong.

Overseas investment in the North East stretches back to at least the inter-war years when Cincinnatti's Proctor and Gamble bought the old established Newcastle soap manufacturers Thomas Hedley. Most overseas subsidiaries have, however, moved to the region in the last decade.

Nevertheless, the North East still has fewer foreign-owned companies than most other areas of the country and the region is still far too dependent on its declining heavy industries. As might be expected in a region that for many years has had the longest dole queues in Britain, the need to find more jobs is a powerful incentive to the NEDC and industrial promotion departments of the local authorities.

Although firm figures are not available, foreign investment in the North East must have produced *something in the order* of 100,000 jobs and brought a number of other benefits. The newcomers have in many cases bought new technology, new management attitudes, more aggressive marketing and forced indigenous industry to buck-up *their ideas.*

The diversity of the new industries (which include electronic components, toiletries, watches, pharmaceuticals, and even Coca Cola) makes generalisations difficult, but it is noticeable that they tend to be more successful than local companies.

The firms who have come to the North East include such well known names as Alcan, Philips Electrical, Electrolux, Hilti, Addressograph-Multigraph, Black and Decker, Burroughs Machines, Caterpillar Tractor Co., Formica, Levi Strauss, 3M, Monsanto and RCA.

The NEDC and the local authorities have few doubts about the benefits of foreign investment in the regional economy, but there is a degree of suspicion among the trade unions and to an extent the general public, who often suspect that some foreign companies might only come to the region because of the regional grants system.

There have been a few well-publicised closures, but the understandable fear that one of the more remote branches of a firm will be the first to be axed when times become hard has not been borne out in the North East.

Jobs in multinational subsidiaries have been, if anything, more secure, perhaps because the multinationals' more dynamic character enables them to adapt more easily.

Roger James

The battle to maintain jobs

THE BUSTLING, prosperous atmosphere of Newcastle-upon-Tyne city centre does much to disguise the fact that it is the capital of a region which has the highest unemployment rate in Britain.

Beyond this exterior, however, it is the battle to retain existing jobs and attract new ones to the North *East* which dominates the thinking of trade union officials and their friends on the region's predominantly Labour-controlled local authorities.

The unemployment rate in the Northern region (which does not cover the North West) is currently 7.9 per cent compared with an average UK figure of 5.3 per cent. But although this is the highest regional rate for anywhere except Northern Ireland it still diverts attention from the real depth of the problem.

Unemployment rates in some parts of the North East are much worse than the regional average. Measured in terms of unemployment in relation to unfilled vacancies, for instance, there are something like 27 unemployed people to every vacant job in the South Tyneside district.

A study by Tyne and Wear County Council earlier this year showed that in Gateshead, Newcastle and Sunderland about 18 per cent of unemployed men had been out of work for more than a year. Through the county as a whole 27 per cent of unemployed men and 17 per cent of women had been seeking work for more than six months—although even these figures on long-term unemployment are a slight improvement on earlier ones.

It is no surprise that, against such an unemployment picture, the potential impact of the Government's restrictions on public spending are being viewed by trade unionists in the North East with particular alarm. The service sector—and predominantly the public services—has been the region's only real employment growth area in recent times.

Union officials say that the employment impact of public expenditure cuts, although difficult to quantify, is now being felt in the *form of a* freeze on recruitment and non-replacement of staff who leave.

Loss

Mr. K. Robinson, assistant regional organiser of the National Union of Public Employees, said that in the current financial year Newcastle city council estimated that it would save £200,000 by not filling vacancies. "That is the hidden loss of a lot of jobs." There are also fears that restrictions on Health Service expenditure could lead to the closure of one of the city's hospitals.

In recent weeks, the fortunes of one of the region's most traditional backbone industries—shipbuilding—have risen slightly following a depressing order period both locally and throughout British Shipbuilders.

A £22m *order for one of two* new 109,000-tonne oil tankers for BP was won *for the Swan Hunter yard at Hebburn, on the* Tyne, last month. In the same week Sunderland Shipbuilders on Wearside gained orders for two 66,500 tonne bulk carriers *for Buries Markes* and a 31,000-tonne bulk carrier for Hong Kong.

A month earlier Sunderland Shipbuilders had won orders for another two bulk carriers and these combined developments will safeguard many shipbuilding jobs in the region for the next two years.

A high proportion of redundancies this year have been in the engineering and related industries and companies in the *region, like other major* industrial centres, are now working to recover the losses caused by the recent national dispute in the engineering industry.

Another aspect of industrial relations in the North East which has attracted much interest in recent years is the question of who should operate Tyneside's new prestige Metro rapid-transit system, the first section of which is due to open next year.

At one stage disagreement between busmen and railwaymen threatened the whole project but it is hoped their differences have now been resolved.

Many of the industrial battles on Tyneside are over attempts to preserve jobs in an area of difficult employment prospects. Many jobs in the region have depended on public money either directly through public sector employment or through government assistance to industry.

Trade union leaders and councillors have no confidence that the Government's efforts to stimulate private investment are likely to particularly benefit a region which, in the words of Mr. Jim Gardner, chief executive of Tyne and Wear County Council, has traditionally had *to depend on public investment simply to maintain its existing* position.

Local authorities in development areas, says Mr. Gardner, have had to live with cuts before under both Conservative and Labour governments. "But this is the first time we have never been able to see an eventual end to the cuts, and the first time all the factors have combined to inhibit us from redressing locally what government is doing nationally."

Alan Pike

Metro system takes shape

BY THE MIDDLE of next year, barring unforeseen circumstances, Tyneside will join Merseyside and Glasgow on the select list of British centres outside London which can boast a metro rapid-transit rail system.

At a cost of about £280m at current prices, the area will be acquiring as the system is progressively opened a track network 34 miles long, including 26 miles taken over from British Rail, and 41 stations running along both banks of the Tyne as far as South Shields and Tyne*mouth and extending north* to Gosforth.

The system will cross the Tyne on a new bridge and serve six underground stations—five in Newcastle and one in Gateshead—on the four-mile long tunnelled sections. There will be seven Metro-bus interchanges where passengers from other parts of the area can join the system. Another reconstructed station at Heworth which will serve as the principal interchange with the British Rail network is due to open today.

The scheme, on which work started in 1973, represents the biggest transport project cur*rently under way in the UK* and the lessons it offers are going to be observed with considerable interest by other similar cities in the UK and elsewhere, which aspire to underground rail links.

The Tyneside Metro was conceived in response to a land use and transport study of the area *in* the 1960s which pointed to the poor integration of existing public transport, increased road congestion and the existing rail system's failure to keep pace with modern requirements.

According to Mr. David *Howard, Engineering Director* (Metro) of the Tyne and Wear Passenger Transport Executive, the new system is specifically designed to counter these problems. "Public transport in the area has been mainly directed towards the centre but with the Metro people will now be able to move easily across the central area."

Accessible

People are expected as a result to be willing to travel more widely throughout the area instead of using public transport mainly for local journeys. For example, jobs in the office complexes which have developed to the north of Newcastle are expected to become much more accessible to people living south of the river.

The frequency of the services—every three minutes in the central area—and the planned integration of the system with the bus services will make it possible to eliminate some cross-bridge bus routes, and this in itself is expected to improve the circulation of other traffic.

Mr. Howard points out that the system will also make better use of manpower, with a two-car Metro train on one-man operation able to carry 600 passengers compared with fewer than 100 in a bus. Electric traction also offers energy savings over diesel-operated buses.

Local politicians also see a spin-off in terms of industrial and commercial development. "New developments are already being sited close to the stations on the system," Mr. Michael Campbell, leader of Tyne and Wear County Council, points out.

The question which is also being asked, however, is whether the hoped-for benefits from the system represent good value for the very large capital cost that has been incurred. The project has dominated transport spending in the region and other developments including new road schemes, the roads lobby is quick to point out, have been relegated for the duration of Metro construction.

The Metro, originally costed at £66m in 1972, was nearly stopped in the last round of public expenditure cuts required by the International *Monetary Fund in 1976 and was* subject to a nine month reappraisal by the then Transport Minister and the imposition of a new expenditure ceiling.

Since then costs have continued to rise but, not surprisingly given current public expenditure cuts, a request by Tyne and Wear for a relaxation of the ceiling on Metro capital expenditure eligible for grant purposes—£161m in 1975 prices—to take account of an £18m cost over-run was turned down in September by Mr. Norman Fowler, the present Minister. At current prices the eventual overspend is likely to be about £40m.

The main increase—nearly £9m—is attributable to British Rail, which as well as incurring extra costs itself has also imposed costs on the Passenger Transport Executive as a result of difficulties it has had in supplying equipment and manpower for construction work.

The timetable for completing the line to South Shields has also recently had to be put back two years because British Rail has been unable to persuade its trade unions to sanction the use of contract labour.

The council has now decided to make up the shortfall by leasing Metro cars up to a value of £18.1m, at a cost of about 1.5p on the rates over a period of 10 years.

While schemes of this sort might help, however, the success or otherwise of the system will depend ultimately on the number of fare paying passengers it can attract. The PTE's estimate is that new traffic initially will be about 3 per cent to 5 per cent of the total, increasing as other sections are brought into commission up until 1983.

Rhys David

WORLD STOCK MARKETS

Indices

NEW YORK—DOW JONES

	Nov. 2	Nov. 1	Oct. 31	Oct. 30	Oct. 29	Oct. 26	1979 High	1979 Low	Since Compil't'n High	Since Compil't'n Low
◆ Industr'ls	818.94	820.14	815.70	823.81	808.52	808.30	897.61 (5/10)	805.46 (25/10)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	75.89	76.30	78.55	78.32	77.55	77.29	86.18 (15/8)	75.88 (2/11)	—	—
Transport.	232.81	234.51	231.85	232.86	226.65	226.53	271.77 (15/8)	205.78 (27/2)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	100.54	[illegible]	100.83	100.56	99.85	99.59	109.61 (25/8)	98.24 (24/10)	163.32 (20/4/69)	10.58 (28/4/42)
Trading Vol 000's†	25,770	25,880	27,780	28,860	27,848	25,320	—	—	—	—

◆ Day's high 824.74 low 814.42

Ind. div. yield %	Oct. 26	Oct. 19	Oct. 12	Year ago (approx)
	6.16	6.11	5.93	5.89

STANDARD AND POORS

	Nov. 2	Nov. 1	Oct. 31	Oct. 30	Oct. 29	Oct. 26	1979 High	1979 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	114.82	114.97	114.07	115.06	112.76	112.59	124.49 (5/10)	107.08 (27/2)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	102.51	102.57	101.82	102.67	100.71	100.57	111.27 (5/10)	96.75 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

	Oct. 31	Oct. 24	Oct. 17	Year ago (approx)
Ind. div. yield %	5.42	5.46	5.30	5.13
Ind. P/E Ratio	7.57	7.46	7.67	9.04
Long Gov. Bond Yield	10.26	10.30	9.86	8.65

N.Y.S.E. ALL COMMON

Nov. 2	Nov. 1	Oct. 31	Oct. 30	1979 High	1979 Low
58.19	58.17	57.71	58.11	62.88 (21/8)	53.88 (27/2)

Rises and Falls

	Nov. 2	Nov. 1	Oct. 31
Issues Traded	1,858	1,844	1,873
Rises	762	907	339
Falls	684	515	797
Unchanged	412	422	437
New Highs	—	10	10
New Lows	—	62	64

MONTREAL

	Nov. 2	Nov. 1	Oct. 31	Oct. 30	1979 High	1979 Low
Industrial	287.05	285.68	289.71	286.79	302.12 (5/10)	219.19 (2/1)
Combined	281.78	279.79	275.21	278.98	314.35 (5/10)	225.88 (2/1)
TORONTO Composite	1618.5	1605.4	1579.5	1558.2	1684.71 (5/10)	1515.8 (2/1)
JOHANNESBURG Gold	381.5	398.8	394.4	386.9	417.1 (2/10)	228.4 (17.4)
JOHANNESBURG Industrial	407.2	408.2	406.1	405.5	408.2 (1/11)	270.5 (2/1)

	Nov. 2	Previous	1979 High	1979 Low
Australia (¶)	609.27	607.22	609.27 (2/11)	545.72 (2/1)
Belgium (‖) (c)		105.06	109.47 (5/10)	96.80 (3/1)
Denmark (**)	91.87	90.86	97.46 (25/7)	88.32 (8/1)
France (††)	85.9	85.8	107.1 (8/10)	71.6 (15/8)
Germany (‡‡)	722.70	725.7	830.6 (16/1)	719.4 (7/6)
Holland (§§)	69.8	70.2	85.9 (24/1)	69.8 (25/10)
Hong Kong (¶¶)	608.16	584.88	596.10 (2/11)	493.83 (2/1)
Italy (‖‖)	85.45	86.55	93.85 (4/10)	68.38 (2/1)
Japan (a)	447.27	447.59	465.24 (29/9)	435.1 (13/7)
Singapore (b)	402.81	399.24	423.66 (3/10)	346.35 (23/2)

	Nov. 2	Previous	1979 high	1979 Low
Spain (d)	85.45	85.69	111.98 (8/3)	83.45 (2/11)
Sweden (e)	387.86	385.49	401.34 (6/2)	361.57 (24/8)
Switzerl'd (f)	311.2	310.8	328.1 (2/5)	294.8 (5/1)

All indices have base values of 100 except NYSE All Common—50: Standards and Poors—10 and Toronto —1,000. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 29/12/78. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

FRIDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
EMI	352,700	3⅞	+ ⅛
Lilco	338,800	14	+ ⅛
IBM	261,300	63⅞	—
St. Oil Indiana	249,700	80	+1⅛
Chrysler	244,400	8⅞	+ ⅛
Mobil	234,300	50	−1
Louisiana Land	231,000	48⅝	+ ⅜
Am. Elect Pwr.	226,400	18⅝	− ⅛
General Motors	212,300	56⅝	+ ⅜
Gulf United	207,100	23⅝	+ ⅛

NEW YORK

1979 High	1979 Low	Stock	Nov. 2
18⅛	15	AMF	15⅛
24¼	13⅛	AM Intl	14⅛
42	33⅞	ARA	34¾
32¾	22⅝	ASA	27¾
39⅝	30⅛	Abbott Labs.	38
24¾	17¾	Acme Cleve	20⅞
39⅛	21	Adobe Oil & Gas	35¾
58⅛	46⅜	Cooper Inds.	58⅛
17	12¾	Coors Adolph	14
23⅜	18	Copeland	19¾
20⅞	15¾	Copperweld	18
75½	52¼	Corning Glass	57⅛
30⅛	21½	Corroon Black	26⅛
36½	24⅛	Humana	32¼
16¼	11	Hunt (Philip A)	11⅜
65⅝	37⅜	Husky Oil	58⅝
20⅞	16¼	Hutton (EF)	17⅝
15⅛	11	Huyck	12⅝
30½	24¼	IC Inds	26
49	39⅜	INA Corp	43⅜
14¾	10⅛	IU Intl	13⅛
19¾	11¼	Outboard Marine	11¼
34½	20⅞	Overseas Ship	29¾
30¾	24¼	Owens-Corning	25⅞
22¾	17⅜	Owens Illinois	18⅛
34	23¾	PPG Inds.	30⅜
16⅞	10¾	Pabst Brewing	11⅜
25	21⅝	Pac. Gas & Elect	22⅝
23½	19⅞	Pac. Lighting	20
53	41	Pac. Lumber	45⅞

JOHANNESBURG

MINES

Nov. 2	Rand	+or−
Anglo American Cpn.	10.40	−0.20
Charter Consolidated	4.15	−0.05
Harmony	10.90	−0.35
Rustenburg Platinum	3.60	+0.02
St. Helena	†24.25	−0.75
Gold Fields SA	53.00	−0.75
Union Corporation	11.35	−0.05
De Beers Deferred	9.35	−0.20
Blyvooruitzicht	9.65	−0.15
East Rand Pty.	†11.50	−0.20
Free State Geduld	40.70	−0.30
President Brand	30.25	−0.25
Stilfontein	11.60	−0.20
Welkom	9.60	−0.10
West Driefontein	62.75	−1.25
Western Holdings	50.00	−3.25

INDUSTRIALS

	Rand	+or−
AECI	5.46	−0.05
Abercom	2.85	−0.05
Barlow Rand	7.75	−0.05
CNA Investments	3.80	−0.10
Currie Finance	1.30	
De Beers Industrial	†17.50	+0.50
Edgars Stores	62.75	+0.25
Hulotts	4.45	−0.15
McCarthy Rodway	1.06	+0.02
OK Bazaars	11.85	−0.15
Protea Holdings	2.35	
Rand Mines Properties	4.30	−0.05
Rembrandt Group	5.10	−0.10
Retco	0.53	−0.01
Sage Holdings	2.20	
SAPPI	4.80	+0.10
C. G. Smith Sugar	†9.90	−0.10
Tiger Oats and N. Mlg.	13.00	+0.10
Unisec	1.70	−0.10

Financial Rand U.S.$0.81 (Discount of 32¼%)

SPAIN ♥

Nov. 2	Per cent	
Asland	102	—
Banco Bilbao	200	− 8
Banco Central	277	−10
Banco Exterior	280	+ 1
Banco Hispano	204	−10
Bco. I. Cat. (1,000)	140	− 3
Banco Madrid	192	—
B. Santander (250)	206	− 9
Bco. Urquijo (1,000)	202	− 4
Banco Vizcaya	210	− 8
Banco Zaragozano	200	—
Dragados	103	− 3
Espanola Zinc	61	− 1
Fecsa (1,000)	60	+ 0.25
Gal. Preciados	50	
Hidrola	63	− 0.50
Iberduero	58.75	+ 0.25
Petroliber	83	− 1
Petroleos	124	—
Sogefisa	122	—
Telefonica	60.25	—
Union Elec.	62.50	—

NOTES: Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ Dkr 100 denom. unless otherwise stated.
⊕ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. A Interim since increased.

HONG KONG (part)

	Nov. 2	Oct. 26
Jardine Secs.	7.25	7.10
New World Developmnt	3.57	3.17
Overseas Trust Bank	3.90	3.12
Rubber Trust	†5.20	5.00
Sime Darby	7.20	7.10
Swire Pacific A	9.10	8.40
Wheelock Marden A	3.80	3.65
Wheelock Maritime A	4.35	—
Winsor Industries	2.90	2.85

† Buyer. ‡ Seller. xd-Ex-dividend. xa-Ex-all.

MILAN (part)

	Price Lire	+ or	Div. Lire	Yld. %
Do. Priv.	1,882	−5	185	9.8
Finsider	99.5	−1.5	—	—
Italcementi	19,100	+500	600	3.0
Italsider	520	−6.5	—	—
Mediobanca	41,500	+295	1,200	2.9
Montedison	176.75	+1	—	—
Olivetti Priv	1210	−10	—	—
Pirelli & Co	2020	+47	140	6.9
Pirelli SpA	778	−8	80	9.9
Snia Viscosa	822	+1.5	—	—

New chief for Port of London

MR. VICTOR PAIGE, deputy chairman of the National Freight Corporation is to succeed Sir John Cuckney as chairman of the Port of London Authority for three years from January 1. Mr. Paige will continue to serve as part-time deputy chairman of the National Freight Corporation.

'Help victims of fireworks'

FIREWORKS MANUFACTURERS and the Government were urged yesterday to set up *a joint compensation scheme for* young people permanently injured by fireworks.

The National Campaign for Firework Reform, *which claims* 15,000 members, said in its letter to Mr. Patrick Jenkin, Social Services Secretary, "We are *near a total ban on fireworks* retail sales, it is time to look at a small section of the child population constantly over*looked in the past—the victims* of firework injuries."

BASE LENDING RATES

A.B.N. Bank	14 %	Hill Samuel	§14 %
Allied Irish Bk.	14 %	C. Hoare & Co.	†14 %
Amro Bank	14 %	Julian S. Hodge	15 %
American Express Bk.	14 %	Hongkong & Shanghai	14 %
A P Bank Ltd.	14 %	Industrial Bk. of Scot.	14½%
Henry Ansbacher	14 %	Keyser Ullmann	14 %
Associates Cap. Corp.	14 %	Knowsley & Co. Ltd.	15½%
Banco de Bilbao	14 %	Lloyds Bank	14 %
Bank of Credit & Cmce.	14 %	London Mercantile	14 %
Bank of Cyprus	14 %	Edward Manson & Co.	15 %
Bank of N.S.W.	14 %	Midland Bank	14 %
Banque Belge Ltd.	14 %	■ Samuel Montagu	14 %
Banque du Rhone et de la Tamise S.A.	14½%	■ Morgan Grenfell	14 %
Barclays Bank	14 %	National Westminster	14 %
Bremar Holdings Ltd.	15 %	Norwich General Trust	14 %
Brit. Bank of Mid. East	14 %	P. S. Refson & Co.	14 %
■ Brown Shipley	14 %	Rossminster	14 %
Canada Perm't Trust	15 %	Ryl. Bk. Canada (Ldn.)	14 %
Cayzer Ltd.	14 %	Schlesinger Limited	14 %
Cedar Holdings	14 %	E. S. Schwab	15 %
■ Charterhouse Japhet	14 %	Security Trust Co. Ltd.	15 %
Choulartons	14 %	Shenley Trust	16 %
C. E. Coates	14 %	Standard Chartered	14 %
Consolidated Credits	14 %	Trade Dev. Bank	14 %
Co-operative Bank	*14 %	Trustee Savings Bank	14 %
Corinthian Secs.	14 %	Twentieth Century Bk.	15 %
The Cyprus Popular Bk.	14 %	United Bank of Kuwait	14 %
Duncan Lawrie	14 %	Whiteaway Laidlaw	14½%
Eagil Trust	14 %	Williams & Glyn's	14 %
E. T. Trust Limited	14 %	Yorkshire Bank	14 %
First Nat. Fin. Corp.	15½%		
First Nat. Secs. Ltd.	15½%		
■ Antony Gibbs	14 %		
Greyhound Guaranty	14 %		
Grindlays Bank	‡14 %		
■ Guinness Mahon	14 %		
■ Hambros Bank	14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%, 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000 12½% and over £25,000 12¾%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.

Public Works Loan Board rates

Effective from November 3

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* A‡	Non-quota loans A* repaid at maturity§
Up to 5	13¾	13⅝	13½	14½	14⅜	14¼
Over 5, up to 10	13⅝	13⅝	13⅞	14¼	14⅜	14⅝
Over 10, up to 15	13¾	13¾	13⅝	14¼	14¼	14½
Over 15, up to 25	13⅝	13⅝	13⅝	14⅜	14⅜	14⅜
Over 25	13⅝	13⅝	13⅝	14⅜	14⅜	14⅜

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

هكذا من الأصل

Earnings rise sharply at Can Pac Investments

BY ROBERT GIBBENS IN MONTREAL

NET income at Canadian Pacific Investments (CPI), the non-rail holding company of the Canadian Pacific group, rose by 60 per cent to C$290.3m, or $4.72 a share, in the first nine months of the financial year, from $181.6m, or $2.99 a share, in the same period last year.

A surge in profits from the metals, forest products and steel and metalworking subsidiaries accounted for mot of the improvement. Prospects for the fourth quarter are good, the company says.

CPI controls such major Canadian primary producers as Cominco, Great Lakes Forest Products and Algomas Steel. Income from iron and steel rose to C$48.6m, from C$29.2m. One of the subsidiaries earning less in the first nine months was Fording Coal—because of higher operating and maintenance costs. The company ships mainly to Japan.

Hotels, under pressure for the past two years, did a little better, but the general insurance subsidiary had lower income because of strong competition. Income from the main oil and gas subsidiary was also down slightly. Higher earnings from Marathon Realty Company reflected property sales and a rise in building and land rentals.

Net income for the third quarter was up 80.9 per cent to C$103.3m, or C$1.64 a share, from C$57.1m, or 94 cents a share.

Quadrupled profits from Okuma

By Charles Smith, Far East Editor in Tokyo

CURRENT PROFITS at Okuma Machinery Works, one of Japan's fast expanding manufacturers of numerically controlled lathes, increased 4.6 times in the first half of the financial year to reach Y2.23bn ($9.4m). Net profits for the six months to September were up fourfold to Y1.84bn, while sales rose 42.5 per cent to Y15.86bn ($67m).

Okuma ran a series of deficits during the three to four years following the 1973 oil crisis as demand for machine tools slumped in Japan but was in the black again for the first time in 1978-79. The company is now facing booming demand for its products both at home and in overseas markets. Sales for the full year are expected to show a 46 per cent rise, to Y33bn, while current profits should be up 3.7 times to Y4.5bn. Dividend payments are expected to resume at the end of the year—the first payments in six years.

Okuma's exports (mainly to the U.S. and Europe) rose by 20 per cent in the half to September—more slowly than its domestic sales. Exports are, however, rapidly becoming more profitable, as the yen weakens. Demand for Okuma machine tools has been stimulated by retooling for a new generation of small cars in the U.S. motor industry.

Come-by-Chance deal talks suspended

BY OUR MONTREAL CORRESPONDENT

PROTRACTED negotiations between the receiver for the bankrupt Come-by-Chance oil refinery in Newfoundland and First Arabian Corporation, a Luxembourg-based company controlled by Kuwait and other Middle East interests have been ended for the time being. The receiver, Peat Marwick and Co., said that significant progress had been made on First Arabian's $C232m proposed acquisition package, but now the opportunity should be given to others to make proposals, too.

The reason for ending the talks with First Arabian was not immediately clear, but the receiver indicated that the refinery, if started up again, might be unprofitable.

Kleinwort Benson the British bankers are heavy mortgage holders on the shut down refinery and will probably continue talks with First Arabian. The bank is owed about C$177m but most of this is covered by export credit guarantees. The second mortage holder is the Newfoundland Provincial Government which is owed over C$60m.

The refinery was built about six years ago by the Shaheen interests of the U.S., and apart from some severe start-up problems the operation was caught short by the 1973-1974 oil crisis. Two years ago it was shut down following bankruptcy proceedings, and British Petroleum engineers supervised the mothballing of the refinery.

It is estimated it will now cost around C$100m to bring the refinery back into production, against the C$30m estimated when First Arabian made its proposal a year ago.

Rights issue by APPM

BY JAMES FORTH IN SYDNEY

ASSOCIATED PULP and Paper Mills, Australia's only maker of fine paper, plans to raise A$10.1m (US$11.1m) through a one-for-five rights issue. The issue was announced by Sir William Vines, the chairman, at the annual meeting in Melbourne, and follows a recent A$10m debenture issue.

The shares will be issued at A$1 each, compared with the closing market price in Sydney of A$2.65. APPM's largest shareholder, North Broken Hill, will require about A$3.3m to maintain its 32 per cent stake.

Mixed results for insurance majors

By Stewart Fleming in New York

CONNECTICUT General Insurance, one of the largest U.S. insurance companies has reported a drop in third quarter earnings from $73.3m to $63.7m, while one of its main rivals, Travellers Corporation, has disclosed third quarter income up from $95.9m to $113.6m. Travellers said that its third quarter rise included a realised investment gain of $9.8m compared with a loss of $1.8m a year ago.

Mr. Robert D. Kilpatrick, the President of Connecticut General said that while the life and health annuity operating divisions had reported strong earnings gains, property and casualty earnings continued to be depressed. He added that these results were severely affected by extraordinary catastrophe losses during the third quarter. Hurricane losses had totalled about $21m.

For the first nine months Connecticut reported net income of $179.5m down from $189.4m, excluding realised investment gains of $8.7m compared with just under $1m a year ago.

Travellers said that it intends to repurchase up to 2.5m of its common shares, in the open market and negotiated transactions, but that the timing will depend on regulatory approvals and market conditions.

Breda cancels dividend

MILAN — Breda Finanziaria has cancelled its dividend as expected after a sharp drop in profit but has reported a one-third increase in its order backlog.

The holding company, which has interests in armaments, industrial machinery and other fields, previously reported a fall in net profit for the year ended June 30 from L785m to L72m ($87,000). The dividend last year was L100 a share.

Breda's backlog of orders on June 30 was L800bn, up 33 per cent from a year earlier. Consolidated turnover during the year also climbed 33 per cent to L300bn.

AP-DJ

PENDING DIVIDENDS

For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent shown in the column headed "Announcement last year."

	Date	Announcement last year
ANZ	Nov. 20	Final 11 cents
Airfix Inds.	Nov. 28	Int. 1.3718
Armitage Shanks	Dec. 6	Int. 2.01
*Assoc. Brit. Foods	Nov. 5	Sec. int. 1.7
*Assoc. Dairies		Int. due
Avon Rubber	Nov. 29	Final 6.357
Baker Perkins	Dec. 7	Int. 2.1
*Bank of Ireland	Nov. 6	Int. 6.5
*Beecham	Nov. 22	Int. 9.58
*BPB Inds.	Nov. 28	Int. 4.2
*Boots	Nov. 15	Int. 2.5
Brit. & Cmnwlth. Shipping	Nov. 16	Int. 4.75
*British Sugar	Nov. 13	Final 3.654
Brockhouse	Nov. 23	Final 2.246
Brown (Matthew)	Nov. 27	Final 3.29
*Brown Shipley	Nov. 13	Int. 5.264
Capital and Counties	Nov. 23	Int. 0.7
*Carless Capel	Nov. 6	Int. 0.4115
*Cater Ryder	Nov. 8	Int. 4.104
Charter Cons.	Nov. 15	Int. 3.025
*Chloride	Nov. 14	Int. 1.5
Chubb	Nov. 8	Int. 1.863
Courtaulds	Nov. 22	Int. 2.688
Daily Mail & Gen. Tst.	Nov. 29	Int. 4.8
Davis (Godfrey)	Nov. 16	Int. 1.162
*De La Rue	Nov. 13	Int. 3.906
Ferguson Ind.	Nov. 10	Int. 3.0
*French Kier	Nov. 22	Int. 0.825
Gen. Electric	Dec. 7	Int. 2.25
Gt. Portland Estates	Nov. 7	Int. 1.0
GUS	Dec. 7	Int. 4.029
Hambros	Nov. 21	Int. 42.0
Hanson Trust	Dec. 6	Final 4.01
Hays Wharf	Nov. 23	Final 4.635
*Heath (C. E.)	Nov. 20	Int. 1.621
Hill Samuel	Nov. 8	Int. 1.834
Intl. Timber	Dec. 5	Int. 4.286
Johnson Matthey	Nov. 29	Int. 6.5
K Shoes	Dec. 8	Final 3.0
*Kwik Save	Nov. 21	Final 1.64
*LWT	Nov. 15	Final 5.727
*Land Secs.	Nov. 15	Int. 1.5
*Lucas Inds.	Nov. 5	Final 6.845
*Metal Box	Nov. 20	Int. 7.37
Mitchell Cotts	Dec. 7	Final 2.6
*Nat. Bk. Aust.	Nov. 8	Final 8 cents
Pegler-Hattersley	Dec. 7	Int. 3.55
Philips' Lamps	Dec. 7	Int. 0.60 Fl
Pilkington Bros.	Dec. 6	Int. 3.3
Powell Duffryn	Nov. 23	Int. 3.8
*Racal Electronics	Dec. 6	Int. 1.9
RHM	Dec. 5	Final 1.968
*Readicut Intl.	Nov. 7	Int. 0.527
*Redland	Nov. 22	Int. 2.551
Renold	Nov. 23	Int. 2.7
Rothmans Intntl.	Nov. 23	Int. 0.8
Rothschild Inv. Tst.	Nov. 13	Int. 2.0
Royal Bk. of Scotland	Nov. 30	Final 1.585
600 Group	Nov. 30	Int. 2.035
*Sainsbury (J.)	Nov. 7	Int. 2.27
Selection Tst.	Nov. 16	Sec. int. 5.0
*Smiths Inds.	Nov. 13	Int. 4.807
*Smith (W. H.)	Nov. 13	Int. 0.154
Stockholders Inv. Tst.	Nov. 28	Final 1.35
Tesco	Nov. 22	Int. 0.789
Tunnel	Nov. 23	Int. 4.0
UKO Int.	Nov. 30	Int. 3.2
Unilever	Nov. 13	Int. 5.2
Wedgwood	Nov. 17	Int. 1.75
*Whitbread	Nov. 6	Int. 1.281
Wilmot Breeden	Oct. 18	Int. 1.2
Woodhead (Jonas)	Dec. 8	Int. 1.371

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Barnsley (0226 203232)	12¼	½-year	250	3-10
Bradford (0274 29577)	12¼	½-year	500	2
Burnley (0282 25011)	12⅜	½-year	500	5-7
Knowsley (051 548 6555)	12½	½-year	1,000	1
Knowsley (051 548 6555)	12¾	½-year	1,000	5-7
Poole (02013 5151)	12¼	½-year	500	3-4
Poole (02013 5151)	12¾	½-year	500	5
Poole (02013 5151)	13	½-year	500	6-7
Redbridge (01-478 3020)	12	½-year	200	4-5
Redbridge (01-478 3020)	12⅞	½-year	200	6-7
Sandwell (021 5692226)	12⅞	½-year	1,000	6-7
Sefton (051 922 4040)	12½	½-year	2,000	2-4
Wrekin (0952 505051)	13¼	maturity	5,000	1-6mths.

CORAL INDEX: Close 428-433 (−2)

INSURANCE BASE RATES

† Property Growth 13½%
† Vanbrugh Guaranteed 13½%
† Address shown under Insurance and Property Bond Table.

RECENT ISSUES

EQUITIES

Issue Price p‡	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p‡	+ or −	Div. p. or Amount	Times Covered	Gross Yield	P.E. Ratio
**	F.P.	—	105	78	Fogarty (E.) Defd.	78	......	—	—	—	—
125	F.P.	—	175	158	Link House 20p.	160	−3	u7.0	1.7	6.3	15.5
R2	F.P.	—	131	130	†SASOL R1	130	......	T16c	2.2	7.0	8.5
§§	F.P.	—	12	8½	Stewart Nairn	9	......	0.15	5.5	2.4	8.1
Fl.7.50	F.P.	—	285	232½	Vitatron N.V. Fl.0.25	275	−5	bFl.045	2.5	3.8	11.2

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
¶	£10	—	12	12	Cambridge Water 8% Red. Pref. 1984	12	......
¶	F.P.	29/11	102	101	Eastbourne Waterworks 8% Red. Pref.	101	......
**	F.P.	23/11	105p	103p	Forminster 10½% Cum. Pref.	103p	......
$100	F.P.	—	$99	$96	Hill Samuel Floating Rate Notes 1992	$97½	......
98½	F.P.	16/11	99¼	95¾	London Trust 13¼% Deb. Stk. 2000-04	95¾	−½
¶¶	F.P.	—	73½	67	Lonrho 9% 2nd Mort. Deb. 87/92	67	......
¶¶	F.P.	—	90½	86	Do. 12⅝% 2nd Mort. Deb. 85-90	87	......
¶¶	F.P.	—	99	93	Do. 12⅞% 2nd Mort. Deb. 80-83	93½	......
98½	—	8/11	99¾	96¼	Mucklow A. & J. 13¼% 1st. Mt. Db. 2000-05	96½	+¼
**	F.P.	—	106	103½	Startrite Eng. 11% Cum Pref.	103¼	−½
10p	—	7/9	103p	99½p	Stonehill 10¼% Cum. Prf.	99¼p	......
**	F.P.	—	104	100	Wintrust 10½% Cum. Prf.	100	......

"RIGHTS" OFFERS

Issue Price p‡	Amount Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ▣	1979 High	1979 Low	Stock	Closing price p‡	+ or −
A$4.50	Nil	—	—	320pm	245pm	BH Proprietary	270pm	......
30	Nil	14/11	7/12	13pm	7pm	Cope Sportswear	12pm	......
44	Nil	7/11	30/11	8pm	2pm	Francis Inds.	2pm	−1
95	F.P.	2/10	15/11	111½	97½	Hepworth Ceramics	101½	−3½
65	Nil	9/11	5/12	8pm	2pm	Ibstock Johnsen	2pm	......
$M1.5	Nil	—	—	20pm	9½pm	††Kulim	11pm	+1
95	Nil	—	—	5pm	3pm	Laporte Inds.	3pm	−1
40	Nil	15/11	4/1	5pm	3pm	M. Y. Dart	3pm	......
46	F.P.	19/10	16/11	60	52	Wace Group	56pm	+1
600	F.P.	—	—	600	575	Walter Duncan & Goodricke	573	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. p‡ Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ▣ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. [illegible] as units comprising 2 income shares and 10 Capital shares at 125p per unit. † Dealings under special rule.

CURRENCIES, MONEY and GOLD

GOLD

	November 2		November 1	
Gold Bullion (fine ounce)				
Close	$372-375½	(£180 180¾)	$379-381	(£182.25-183.25)
Opening	$372-374	(£180½-181½)	$379-381	(£183-184)
Morning fixing	$373.00	(£180.717)	$379.70	(£182.040)
Afternoon fixing	$372.80	(£180.489)	$382.00	(£181.832)
Gold Coins				
Krugerrand	$380-384	(£183¾-185¾)	$388½-388½	(£186-187½)
Mapleleaf	$382-392	—	$390-395	(£190-195)
New Sovereigns	$96-98	(£46½-48½)	$97½-98½	(£46-48)
King Sovs.	$109-110	(£52½-53½)	$110-112	(£51-53)
Victoria Sovs.	$111½-118½	(£52-56)	$111½-118½	(£52-56)
Fr20 Napoleon	FFr410-420	(£Fr161-164)	FFr410-420	(£Fr161-164)
50 pesos Mexico	$454-457		$470-475	
100 Cor. Austria	$363-366		$373-375	
$20 Eagles	$483-488		$487-493	
$10 Eagles	$250-265		$265-270	
$5 Eagles	$205-225		$210-230	

OTHER MARKETS

Nov. 2	£	$		£ Note Rates
Argentina Peso	3138-3158	1520-1550	Austria	26.5-27.5
Australia Dollar	1.8715-1.8815	0.9080-0.9090	Belgium	61.00-62.00
Brazil Cruzeiro	63.72-64.72	30.85-31.30	Denmark	10.90-11.10
Finland Markka	7.88-7.90	3.8185-3.8205	France	8.60-8.75
Greek Drachma	77.097-78.959	37.30-37.45	Germany	3.70-3.80
Hong Kong Dollar	10.36-10.38	5.0200-5.0250	Italy	17.00-17.50
Iran Rial	145.1-151.6	70.25-75.60	Japan	4.90-5.00
Kuwait Dinar (KD)	0.571-0.581	0.2798-0.2808	Netherlands	4.10-4.20
Luxembourg Frc.	59.60-59.70	28.84-28.86	Norway	10.85-10.95
Malaysia Dollar	4.5125-4.5225	2.1910-2.1920	Portugal	102-110
New Zealand Dlr.	2.1370-2.1370	1.0300-1.0320	Spain	134-140
Saudi Arab. Riyal	6.89-6.99	3.3675-3.3775	Switzerland	3.35-3.45
Singapore Dollar	4.4950-4.5040	2.1825-2.1835	United States	2.06-2.08
Sth. African Rand	1.7090-1.7180	0.8265-0.8295	Yugoslavia	44-46

Rate given for Argentina is free rate.

THE DOLLAR SPOT AND FORWARD

Nov. 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.0560-2.0710	2.0660-2.0670	0.25-0.35c dis	−1.74	0.32-0.42dis	−0.72
Ireland†	2.0575-2.0620	2.0600-2.0620	0.30-0.10c pm	1.16	0.85-0.65 pm	1.45
Canada	1.1869-1.1877	1.1869-1.1872	0.09-0.05c pm	0.71	0.34-0.30 pm	1.08
Nethlnd.	1.9975-2.0010	1.9975-1.9990	1.03-0.88c pm	6.18	2.75-2.65 pm	5.40
Belgium	28.90-29.07	28.90-28.95	6-4c pm	2.07	12-10 pm	1.52
Denmark	5.3115-5.3280	5.3125-5.3140	1.0-1.5ore dis	−2.82	3.5-4.0 dis	−2.82
W. Ger.	1.7885-1.8010	1.7900-1.7910	1.20-1.10pf pm	7.71	3.04-2.94 pm	6.68
Portugal	50.55-50.75	50.55-50.65	10-20c dis	−3.55	30-65 dis	−3.75
Spain	66.43-66.63	66.43-66.48	45-65c dis	−9.93	115-140 dis	−7.67
Italy	831.60-832.30	831.60-831.90	0.20-0.60 lire dis	−0.58	2.5-3.0 dis	−1.32
Norway	5.0200-5.0255	5.0200-5.0215	0.60c pm-0.50 dis	—	0.25-0.75dis	−0.40
France	4.1875-4.2175	4.1875-4.1925	1.03-0.88c pm	2.73	1.60-1.40 pm	1.43
Sweden	4.2435-4.2565	4.2555-4.2565	0.95-0.75ore pm	2.40	3.05-2.85 pm	2.77
Japan	234.20-236.40	234.45-234.55	1.80-1.65y pm	8.83	4.55-4.40 pm	7.63
Austria	12.92-12.94¼	12.925-12.935	8.5-8.0gro pm	7.66	22.5-21.0 pm	6.73
Switz.	1.6300-1.6580	1.6325-1.6335	1.90-1.75c pm	13.04	4.75-4.70 pm	11.57

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

Nov. 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.0560-2.0710	2.0660-2.0670	0.25-0.35c dis	−1.74	0.32-0.42dis	−0.72
Canada	2.4430-2.4580	2.4520-2.4530	0.10c pm-par	0.25	0.35-0.25 pm	0.49
Nethlnd.	4.10½-4.15	4.11-4.12	1⅝-⅞c pm	4.01	5¼-4¼ pm	4.50
Belgium	59.55-60.20	59.60-59.70	4c pm-6c dis	−0.20	16-5 pm	0.68
Denmark	10.92-11.03	10.98-10.99	3-5ore dis	−4.37	8¾-10¾ dis	−3.65
Ireland	0.9980-1.0050	0.9985-0.9995	0.21-0.31p dis	−3.12	0.65-0.75dis	−2.79
W. Ger.	3.69-3.73½	3.69¾-3.70¾	2¼-1¼pf pm	6.67	6-5 pm	5.94
Portugal	104.20-105.15	104.70-105.00	55-105c dis	−9.16	110-210 dis	−6.10
Spain	136.75-137.60	137.30-137.40	75-125c dis	−8.74	205-305 dis	−7.43
Italy	1,711-1,718	1,716-1,717	2-4 lire dis	−2.10	8-10 dis	−2.10
Norway	10.31-10.39	10.37¼-10.38¼	¼-2¼ore dis	−2.02	1¼-3¼ dis	−0.87
France	8.64-8.73	8.64¾-8.68¾	1c pm-par	0.69	2¼-1¼ pm	0.81
Sweden	8.75-8.81	8.79-8.80	3¼-1¼ore pm	3.41	5-3 pm	1.82
Japan	482-492	484-485	3.60-3.30y pm	8.54	8.80-8.50 pm	7.14
Austria	26.55-26.85	26.70-26.75	15-5gro pm	4.49	42-32 pm	4.07
Switz.	3.36-3.42	3.37-3.38	3½-2½c pm	11.11	9¾-8¾ pm	10.81

Belgian rate is for convertible francs. Financial franc 61.25-61.35c pm. Six-month forward dollar 0.32-0.42c dis, 12-month 0.15-0.05c pm.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 15.15-15.25 per cent; three months 15.40-15.50 per cent; six months 15.20-15.30 per cent; one year 14.05-14.15 per cent.

Nov. 2	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	13-13¼	14¼-14½	12 13	9⅞-10⅛	⅛-⅝	8-8⅛	12-12½	11-13	—	−5⅛-3⅝
7 days' notice	13½-13¾	14⅜ 14⅝	12-13	9½-10⅛	⅞-1⅛	8-8¼	12-12½	12½ 14½	14⅜-14⅞	3⅝-4⅛
Month	14¼-14½	15⅞-16⅛	13⅝-14	9⅞-10⅛	2¾-2⅞	8-8¼	13½-13⅞	15-16	15⅛-15⅜	5⅝-5⅞
three months	15⅛-15⅜	15⅝-15⅞	14⅛-14½	10⅛-10⅜	3⅝-3⅞	8⅝-9⅛	14⅛-14⅜	15⅝-16⅜	16-16⅛	7¾-8⅛
six months	15-15¼	15⅝-15⅞	14-14⅜	10⅛-10⅜	4⅜-4⅝	8⅝-9	14-14¼	16½-17½	15⅛-15⅜	7¾-8⅛
one year	14½-14¾	14⅛-14⅜	13¼-13½	9⅞-10⅛	4⅛-4⅜	8⅝-8⅞	13⅞-14⅛	16¼-17¼	14⅜-14⅝	7⅛-7⅜

Long-term Eurodollar two years 13-13¼ per cent; three years 12⅞-12⅞ per cent; four years 12⅝-12⅞ per cent; five years 12-12⅞ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

LONDON MONEY RATES

Nov. 2 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ✝	Eligible Bank Bills ✝	Fine Trade Bills ✝
Overnight	—	13⅞	—	—	—	14¼	12½-15½	—	—	—
2 days notice	—	—	14¼-14⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	13¾-14	14¼	—	14⅝	14¼	13½-13⅝	—	—	—
One month	14½-14⅝	14⅛-14⅜	14¼	15⅜-15⅛	14⅜	14½	13⅞	13⅞	14⅜	14¾
Two months	14⅝-14½	14⅞-14⅝	—	14⅞-14½	14⅞	—	13⅞	13⅞	14⅞	14⅝
Three months	14¾-14⅝	14⅝-14¾	14½-14¾	14⅜-14⅞	15	15	13⅞	13½-13⅝	14⅛	14⅛
Six months	14½-14⅝	14⅞-14⅝	14⅜-14⅝	14¼-14	14⅞	—	—	—	13⅞	14¼
Nine months	14⅛-14	14⅛ 14¼	—	14⅝-14⅛	14⅝	—	—	—	—	—
One year	13⅞-13¾	13½-14⅛	13½-13¾	14⅛-13⅞	14⅛	—	—	—	—	—
Two years	—	—	13½-13⅞	—	—	—	—	—	—	—

Local authority and finance houses seven days notice, others seven days fixed. *Long-term local authority mortgage rates nominally three years 13½-13¾ per cent; four years 13½-13¾ per cent; five years 13½-13¾ per cent. ✝ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14⅜ per cent; four-month trade bills 14⅞ per cent.

Approximate selling rates for one-month Treasury bills 13⅞ per cent; two-months 13⅞ per cent; three-months 13⅞ per cent. Approximate rate for one-month bank bills 14⅛ per cent; two-months 14⅛ per cent; and three-month 14⅛ per cent; one-month trade bills 14⅝ per cent; two-months 14½ per cent and three-months 14⅛ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14½ per cent from November 1, 1979. Clearing Bank Deposit Rates for sums at seven days notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.4868 per cent.

CURRENCY RATES

Nov. 2	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.623978	0.669594
U.S. $	12	1.28633	1.37668
Canadian $	14	1.52675	1.63619
Austria Sch.	3¾	16.6361	17.7936
Belgian F.	10	Unavail.	39.9239
Danish K.	11	6.84753	7.31570
D Mark	6	2.31346	2.47638
Guilder	8½	2.56944	2.75166
French Fr.	9½	5.42092	5.80410
Lira	12	1069.90	1145.08
Yen	6¼	306.532	325.521
Norwgn. Kr.	7	6.46638	6.91233
Spanish Pts.	8	85.5062	91.7560
Swedish Kr.	8	Unavail	5.85676
Swiss Fr.	1	—	2.27369

Heathrow faces more congestion

THE LONDON Chamber of Commerce and Industry has criticised Government's "indecision" over the proposed fourth terminal at Heathrow airport.

The Chamber says that failure to begin work urgently on a new terminal means more extreme peak-period congestion at the airport. This could damage Britain's trade prospects as overseas visitors find "more congenial" facilities at other airports.

Brewers hit by disputes

FINANCIAL TIMES REPORTER

BEER production in September was 1.4 per cent down over the same month last year at 3.246m bulk barrels. But output in the first nine months of the year was 2 per cent up at 30.748m bulk barrels over the same period last year.

The Brewers' Society said production in the first nine months was "almost exactly on target" and blamed the September decrease on industrial disputes within the industry and some over-stocking by the trade at the end of August because of poorer sales in that month resulting from the cool weather.

Peterborough appointment

Mr. Jeremy Rowe, chairman of London Brick, has been appointed to the board of Peterborough Development Corporation. His company has widespread interests in the area.

Grand Met in Greek deal

GRAND METROPOLITAN Hotels has signed a contract to manage three hotels in a luxury holiday and leisure complex on mainland Greece.

The contract between Grand Metropolitan Hotels and Touristiki Georgiki Exagogiki, the holding company, was initiated by Citicorp International Bankers. Mr. Darryl Behrman, the bank's vice president, acted as financial adviser to Mr. J. C. Carras, owner of the complex.

Salisbury flights planned

BRITISH CALEDONIAN plans to introduce a twice-weekly service between London and Salisbury, Zimbabwe-Rhodesia, as soon as a constitutional settlement is agreed.

The airline will file its intention to extend two of its scheduled Gatwick-Lusaka services to Salisbury (with the UK Civil Aviation Authority today).

The airline said that it planned to use Boeing 707 aircraft, offering up to 144 seats and 3,000 kilos of cargo capacity.

It is to ask the authority to reinstate its previous licence to serve Salisbury. Services were suspended after UDI in 1965.

Osteopaths back the bike

OSTEPATHS recommend cycling as the best exercise to prevent back pain, believed to be the biggest cause of absenteeism in British industry. The disorder now costs £300m a year in lost production and medical bills.

Colin Dove, spokesman for the General Council and Register of Oseopaths, launched the organisation's promotion of cycling with the slogan "Back the bike for your back."

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Samuel Montagu Ldn. Agents
114, Old Broad St., EC2. 01-588 6464

Apollo Fd. Oct. 31	SF44.85	48.70	+0.6	2.86
Japfest Oct. 31	HK$13.55	14.67	−0.4	1.91
117 Group Sept. 19	US$12.21	13.33	.....	2.12
117 Jersey Oct. 17	£5.28	5.75	.....	1.02
117 Jersey O's Oct. 24	£6.51	6.84	.....	3.58

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2. 041-221 5521

*Hope St. Fd.	US$31.47	−1.11	—
*Murray Fund	US$12.99	−0.38	—

*NAV October 31.

Nat. Westminster Jersey Fd. Mgrs. Ltd.
45 La Motte St., St. Helier, Jersey 0534 36241

High Income Fund	45.6	47.0xd	−1.0	12.77
Equity Fund	45.2	47.8	−1.0	4.26

Negit S.A.
10a Boulevard Royal, Luxembourg
NAV Oct. 26 ..... $US12.42 ..... —

Negit Ltd.
Bank of Bermuda Bldgs., Hamilton, Brmda.
NAV Oct. 19 ..... £4.35 ..... —

Pacific Basin Fund
10a, Boulevard Royal, Luxembourg.
NAV Oct. 30 ..... US$11.42 ..... —

Phoenix International
PO Box 77, St. Peter Port, Guern. 0481 26741

Inter-Dollar Fund	US$2.43	2.63	.....	—
Far East Fund	US$1.90	2.05	.....	—
Intl. Currency Fund	$US1.43	1.55	.....	—
Dollar Fxd. Int. Fund	$US1.70	1.84	.....	—
Ster. Exempt Gilt Fd.	£1.19	1.29	.....	—

Providence Capitol Life Ass. (C.I.)
PO Box 121, St Peter Port, Guernsey 0481 26726/9

Sterling Bond Fd.	47.2	49.7	.....	—
Sterling Equity Fd.	50.5	53.7	.....	—
Intnl. Bond Fd.	$US95.0	100.0	.....	—
Intnl. Equity Fd.	$US96.0	101.0	.....	—

Prices at Oct. 31. Next dealing Nov. 7.

Quest Fund Mngmnt. (Jersey) Ltd.
PO Box 194, St. Helier, Jersey. 0534 27441

Quest Stlg. Fxd. Int.	83.1	88.0	.....	13.64
Quest Intl. Secs.	$0.883	0.958	.....	3.16
Quest Intl. Bd.	$0.876	0.927	.....	9.91

Prices on Oct. 31. Next dealing Nov. 7.

Richmond Life Ass. Ltd.
48, Athol Street, Douglas, I.O.M. 0624 23914

(x)The Silver Trust	291.2	298.2	+11.2	—
Do. Diamond Bd.	130.6	137.6	.....	—
Do. Em Income Bd.	132.0	141.1	+0.7	14.14
Midway Deposit Bd.	103.33	104.38	.....	13.70
Carrillon C.G.T. Bd.	62.1	65.5	.....	—

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331

[illegible]

Schroder Life Group
Enterprise House, Portsmouth. 0705 27733
International Funds

£Equity	87.3	92.8	.....	—
$Equity	$US1.565	1.662	.....	—
£Fixed Interest	153.3	163.0	.....	—
$Fixed Interest	$US1.114	1.185	.....	—
£Managed	119.0	126.5	.....	—
$Managed	$US1.337	1.422	.....	—

J. Henry Schroder Wagg & Co. Ltd.
120, Cheapside, EC2. 01-588 4000

Cheap $ Oct. 31	US$11.77	—	.....	2.32
Trafalgar Aug. 31	$US170.12	—	.....	—
Asian Fd. Oct. 30	US$19.96	20.47	.....	2.61
Darling Fd. Oct. 31	A$2.42	2.56xd	−0.03	5.00
Japan Fd. Nov. 1	US$6.46	6.94	.....	0.53

Sentry Assurance International Ltd.
P.O. Box 1776, Hamilton 5, Bermuda.
Managed Fund ..... $US2.984 3.228 ..... —

Singer & Friedlander Ldn. Agents.
20, Cannon St., EC4. 01-248 9646

Dekafonds	DM23.78	25.03	−0.01	6.34
Tokyo Trust Nov. 1	US$31.00	—	.....	2.60

Standard Chartered Intl. Bd. Fd.
37 rue Notre-Dame, Luxembourg.
NAV Oct. 23 ..... $US9.86 ..... —

Stronghold Management Limited
P.O. Box 315, St. Helier, Jersey. 0534-71460
Commodity Trust ..... 98.62 103.81 ..... —

Surinvest (Jersey) Ltd. (x)
Queens Hse., Don Rd., St. Helier, Jsy. 0534 27349

American Ind. Tst.	£5.23	5.34	+0.06	—
Copper Trust	£15.44	15.81	+1.11	—
Jap. Index Tst.	£6.93	7.08	+0.01	—

Surinvest Trust Managers Ltd.
48, Athol Street, Douglas, Isle of Man
The Coin Trust ..... 97.0 102.0 ..... —

TSB Unit Trust Managers (C.I.) Ltd.
10, Wharf St., St. Helier, Jersey (CI). 0534 73494

TSB Jersey Fund	50.7	53.4	.....	4.49
TSB Guernsey Fund	50.7	53.4	.....	4.49

Prices on Oct. 31. Next sub. day Nov. 7.

TSB Gilt Fund Managers (C.I.) Ltd.
10 Wharf St., St. Helier, Jersey (CI). 0534 73494

TSB Gilt Fund	96.0	99.0xd	.....	12.10
TSB Gilt Fd. (Jsy.)	96.0	99.0xd	.....	12.10

Prices on Oct. 31. Next sub. day Nov. 7.

Tokyo Pacific Holdings N.V.
Intimis Management Co. N.V., Curacao.
NAV per share October 29 US$62.32.

Tokyo Pacific Hldgs. (Seaboard) N.V.
Intimis Management Co. N.V., Curacao.
NAV per share Oct. 29. US$45.40.

Tyndall Group
P.O. Box 1256 Hamilton 5, Bermuda, 2-2760

Overseas Nov. 1	$US1.18	1.25	.....	6.00
(Accum. Units)	US$1.98	2.05	.....	—
Man. Int. Oct. 18	$US2.975	3.730	.....	—

2 New St., St. Helier, Jersey. 0534 37331/3

TOFSL Nov. 1	£7.70	8.25	.....	2.50
(Accum. Shares)	£12.70	13.55	.....	—
American Nov. 1	86.2	91.6	.....	2.50
(Accum. shares)	89.0	94.8	.....	—
Far East Nov. 1	93.3	99.4	.....	2.50
(Accum. shares)	95.0	101.2	.....	—
European Nov. 1	76.8	82.6	.....	2.50
(Accum. Shares)	78.0	83.8	.....	—
Jersey Fd. Oct. 31	174.4	185.0	.....	8.86
(Non-J. Acc. Uts.)	265.8	281.8	.....	—
Gilt Fund Oct. 31	102.4	104.2	.....	11.52
(Accum. Shares)	162.2	155.0	.....	—

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Gilt Int. Tst.	103.0	109.0	-0.9	3.28
Abbey Capital	33.2	35.5	-0.6	5.73
Abbey Income	39.7	42.5	-0.5	8.62
Abbey Inv. Tst. Fund	33.3	35.6	-0.2	6.41
Abbey Gen. Trust	44.3	47.4	-0.7	5.71
Equitas Prog. Trust	66.2	69.8xd	-0.8	5.32

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	96.8	101.9	—	12.10

Allied Hambro Group (a)(g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	69.2	74.0	-1.1	6.49
Brit. Inds. Fund	67.2	71.9	-1.0	5.65
Growth & Income	38.8	41.5	-0.6	5.78
Elect. & Ind. Dev.	35.0	37.5xd	-0.5	5.60
Allied Capital	70.0	74.9xd	-1.2	5.47
Hambro Fund	111.0	118.8	-1.7	6.39
Hambro Acc. Fund	131.1	140.3xd	-2.0	5.74

Income Funds

High Yield Fd.	69.3	74.2	-0.6	9.22
High Income	64.8	69.3	-1.1	8.15
A. H. Eq. Inc.	38.9	41.6	-0.6	8.29

International Funds

International	25.3	27.1	—	2.96
Pacific Fund	37.5	40.1	—	2.22
Secs. Of America	54.5	58.3	+0.7	2.40

Specialist Funds

Smaller Co.'s Fd.	46.9	50.2	-0.5	4.18
2nd Smlr. Co's Fd.	55.4	59.3	-0.4	4.38
Recovery Sits.	107.9	115.4	-1.6	5.81
Met. Min. & C'dty.	46.9	50.2xd	-0.2	5.18
Overseas Earnings	54.6	58.4	-0.8	5.65

Exempt Funds

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	18.5	20.9	—	5.55
Gt. Winchester O'seas	20.9	23.3	—	2.36

Emson & Dudley Tst. Mngmnt. Ltd.
28b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	72.7	76.4	—	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	69.1	2.7xd	-0.9	5.29

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	24.6	26.4xd	—	3.24
Accum. Units	29.9	32.1xd	—	3.24
J. Finlay High Income	32.6	35.0xd	—	9.51
J. Finlay Euro.Fin.	24.0	25.8xd	—	2.47
Accum. Units	29.6	31.9xd	—	5.47
J. Finlay Fd.In.Tst.	28.5	30.6xd	—	6.02
Accum. Units	34.4	37.0xd	—	6.02

Prices on October 31. Next dealing November 7.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American	44.6	47.4	—	1.52
American Turnaround	47.2	50.2	—	2.00
Capital Tst.	50.4	53.6xd	—	5.05
(Accum. Units)	50.4	53.6xd	—	5.05
Income Tst.	111.8	118.8	—	8.06
Int. Growth Fd.	39.6	42.0xd	—	2.40
(Accum. Units)	41.8	44.4	—	2.40

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Units	45.0	48.1xd	-0.7	5.30
Do. Accum.	62.0	66.3	-0.9	5.30

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Oct. 25	105.9	107.0xd	—	5.42
Gross Inc. Oct. 25	77.2	78.1	—	9.99
High Yield Oct. 25	85.2	89.7	—	9.59

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Income	101.9	108.4	-1.5	3.90
Do. Acc.	126.6	134.6	-2.0	3.90
G.T. Inc. Fd. Un.	163.1	173.5	+0.2	9.40
G.T. U.S. & Gen.	133.7	142.2xd	+1.5	2.90
G.T. Japan & Gen.	76.0	80.4	+1.5	2.80
♦G.T. Pens. Ex. Fd.	212.6	223.1	—	4.80
G.T. Int'l. Fund	151.0	160.6	+3.4	2.40

INSURANCE PROPERTY BONDS

OFFSHORE OVERSEAS FUNDS

Continued on previous Page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

FINANCIAL TIMES
PUBLISHED IN LONDON & FRANKFURT
Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY
Telex: Editorial 8954871. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.
Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 65-72, 6000 Frankfurt-am-Main 1.
Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1.
INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES
Amsterdam: P.O. Box 1296, Amsterdam-C. Telex 16527 Tel: 276 796
Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Bonn: Presshaus 11/104 Heussallee 2-10. Telex 8869542 Tel: 210039
Brussels: 39 Rue Ducale. Telex 23283 Tel: 512-9037
Cairo: P.O. Box 2040. Tel: 938510
Dublin: 8 Fitzwilliam Square. Telex 5414 Tel: 785321
Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4120
Frankfurt: Frankenallee 68-72 Telex: 416052 Tel: 7598 234
Johannesburg: P.O. Box 2128 Telex 8-6257 Tel: 838-7545
Lisbon: Praca de Alegria 58-1D, Lisbon 2. Telex: 12533 Tel: 362 508
Madrid: Espronceda 32, Madrid 3. Tel: 441 6772
Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381
Moscow: Kutuzovsky 14, Apartment 1, Moscow. Telex 7900 Tel: 243 1635
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 66390 Tel: (212) 541 4625
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.57.43
Rio de Janeiro: Avenida Pres. Vargas 418-10. Tel: 253 4848
Rome: Via della Mercede 55. Telex 610032 Tel: 678 3314
Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex 17603 Tel: 50 60 88
Tehran: P.O. Box 11-1879. Telex 213930 Tel: 682698
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Telex J 27104: Tel: 241 2920
Washington: 914 National Press Building, Washington D.C. 20045 Telex 440340 Tel: (202) 47 8676

ADVERTISEMENT OFFICES
Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Edinburgh: 37 George Street, Telex: 72484 Tel. 031-226 4139
Frankfurt: Frankenallee 68-72 Telex: 416193 Tel: 7598 1
Leeds: Permanent House, The Headrow. Tel: 0532 454969
Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381
New York: 75 Rockefeller Plaza, N.Y. 10019 Telex 238409 Tel: (212) 489 8300
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.86.01
Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J27104 Tel: 295 4050

Overseas advertisement representatives in
Central and South America, Africa, the Middle East, Asia and the Far East.
For further details, please contact:
Overseas Advertisement Department,
Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY

SUBSCRIPTIONS
Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription department—Financial Times in London, Frankfurt and New York

For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026

INDUSTRIALS—Continued

INSURANCE

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

FINANCE, LAND—Continued

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

—	—	Barymin	66	—	—	—	—
—	—	Burma Mines 17½p	13	575	—	—	—
Aug.	Feb.	Cons. Murch. 10c.	290	2.7	Z030c	—	5.9
—	—	Northgate C$1	300	30.9	—	—	—
Jan.	July	R.T.Z.	287	8.5	†11.5	3.4	5.8
—	—	Robert Mines	14	—	—	—	—
—	—	Sabina Inds. C$1	30	—	—	—	—
—	—	Tara Exptn. $1	500	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distributions and rights.

● "Tap" Stock.
* Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
† Interim since increased or resumed.
‡ Interim since reduced, passed or deferred.
‡‡ Tax-free to non-residents on application.
◆ Figures or report awaited.
†† Unlisted security.
# Price at time of suspension.
¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
◆ Merger bid or reorganisation in progress.
† Not comparable.
◆ Same interim: reduced final and/or reduced earnings indicated.
§ Forecast dividend; cover on earnings updated by latest interim statement.
‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
♥ Excluding a final dividend declaration.
[illegible] Regional price.
|| No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

"Recent Issues" and "Rights" Page 28

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500, per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	27	.....
Berlam	16	.....
Bdg'wtr. Est. 50p	420	.....
Clover Croft	30	.....
Craig & Rose £1	£10½	.....
Dyson (R. A.) A	25	.....
Fife Forge	45	.....
Finlay Pkg. 5p	19	.....
Graig Ship. £1	700	.....
Higsons Brew	67	.....
Holt (Jos) 25p	255	.....
I.O.M. Stm. £1	155	.....
Pearce (C. H.)	410	.....
Peel Mills	30	.....
Sheff. Refrshmt.	105	.....
Sindall (Wm.)	171	−1

IRISH

Conv. 9% '80/82	£86	.....
Nat. 9¾% 84/89	£71⅛	.....
Fin. 13% 97/02	£78¾	+¼
Alliance Gas	65	.....
Arnott	385	.....
Carroll (P.J.)	54	+1
Clondalkin	83	.....
Concrete Prods.	82	.....
Heiton (Hldgs.)	36xc	.....
Ins. Corp.	210xd	+½
Irish Ropes	75	.....
Jacob	31xd	.....
T.M.G.	150	−2
Unidare	88	.....

OPTIONS

3-month Call Rates

Industrials

A. Brew	8
BOC Intl.	6
B.S.R.	5
Babcock	12
Barclays Bank	30
Beecham	13
Blue Circle	25
Boots	17
Bowaters	16
B.A.T.	25
Brown (J.)	7½
Burton 'A'	25
Cadburys	5½
Courtaulds	8
Debenhams	8
Distillers	21
Dunlop	6
Eagle Star	14
E.M.I.	8
Gen. Accident	21
Gen. Electric	35
Glaxo	40
Grand Met.	13
G.U.S. 'A'	30
Guardian	23
G.K.N.	22
Hawker Sidd.	16
House of Fraser	14
I.C.I.	20
"Imps"	8
I.C.L.	45
Inveresk	5
KCA	3½
Ladbroke	17
Legal & Gen.	14
Lex Service	11
Lloyds Bank	24
"Lofs"	3½
London Brick	6
Lonrho	6
Lucas Inds.	20
"Mams"	15
Mrks. & Spncr	10
Midland Bank	30
N.E.I.	5
Nat. West. Bank	28
P & O Dfd.	10
Plessey	10
Racal Elect.	22
R.H.M.	4½
Rank Org.	18
Reed Intnl.	17
Sears	5½
Spillers	4½
Tesco	7
Thorn	35
Trust Houses	14
Tube Invest.	27
Unilever	40
U.D.T.	4
Utd. Drapery	10
Vickers	18
Woolworths	6½

Property

Brit. Land	7
Cap. Counties	9
Land Secs.	25
MEPC	17
Peachey	13
Samuel Props.	14
Town & City	2

Oils

Brit. Petroleum	35
Burmah Oil	15
Charterhall	5
Premier	4
Shell	30
Ultramar	22

Mines

Charter Cons.	16
Cons. Gold	18
Rio T. Zinc	27

هكذا من الأصل

FINANCIAL TIMES

Monday November 5 1979

Further EEC court move to stop lamb ban expected soon

BY MARGARET VAN HATTEM IN LUXEMBOURG

THE EEC COMMISSION is expected to open further court proceedings against the French Government this week, possibly *seeking an immediate temporary* injunction to prevent further import curbs on British lamb, unless France makes a last-*minute declaration* that no more curbs will be imposed.

The Commission last Wednesday authorised Mr. Finn Olav Gundelach, the Farm Commissioner, to open new proceedings, amid mounting pressure from other EEC states, led by the UK.

The European Court of Justice ruled two months ago *that the French trade* restrictions are illegal. One of the founding precepts of the Community is the unwritten understanding that member states will respect the Court.

But neither the Court nor the *Commission has any power to* enforce court decisions directly. Therefore the only means of bringing further pressure on the French appears to be the opening of fresh proceedings, in *which an* injunction could be granted immediately even though the case might take several weeks to come to court.

It is possible, though unprecedented, that the French might again ignore a Court of Justice ruling.

Last week Mr. Gundelach delayed legal action, saying he was confident the French were *about to move voluntarily*, and that he did not want to force the issue. However, no statement has yet been forthcoming from *Paris, and if none is issued* within the next day or so, Mr. Gundelach may be forced, however reluctantly, to act.

The French have been resisting the courts ruling in the hope of *speeding negotiations* to in*clude* lamb in the Common agricultural Policy, with the British taking a particularly hard line against French demands that the Community finance help for their sheep farmers.

The Commission and the other seven member states have softened considerably towards *the French within recent weeks*, and appear ready to consider some form of compromise, although they still insist that *the legal point must be cleared* up separately.

In Strasbourg this week the European Parliament is expected to begin an attack on *farm* spending when it holds its first full-scale debate on the Community's 1980 budget, a subject expected to launch the new directly-elected body into its first big clash with the Council of Ministers.

The Parliament's budget committee will present for decision by the full chamber its proposed amendments to the draft passed to it by the Council. These amendments are a direct challenge to the Council in that they reverse most of the changes made by Ministers to the Commission's original Budget proposals earlier this year.

The committee is recom*mending* a 5 per cent cut in farm spending, an unprecedented move for the Parliament, and an increase in *spending on regional, social and* energy policies.

Because of the relatively small amount of money involved *in these changes the com*mittee's proposals could not substantially alter the budget's heavy bias towards farm spending, but they are significant as a head-on attack on the power of the Council.

As such, they may gain support from the farmer-oriented Centre-Right parties which dominate Parliament, though unlikely to be approved without some watering down.

Secret reserves theory backed

By Michael Lafferty, Banking Correspondent

SUPPORT FOR the view that the annual accounts of the *clearing banks contain* secret reserves, in breach of the Companies Act, has come from a confidential internal clearing bank report.

The report was prepared and circulated within the banks last October by IBRO, the clearing banks' own research and advisory organisation.

It states that the clearers' so-called general bad debt provisions are in reality reserves, and even goes so far as to suggest that the banks' specific bad debt provisions may be somewhat overstated.

Banks, like any other company, are *entitled* to build up provisions by charges against annual profits in order to cover loan losses. Companies normally do this by taking into account all debts that are known to be doubtful or bad, for which a specific provision is established, and by making a further general provision for further debts which they know on the basis of experience to be irrecoverable.

The extent to which a provision is overstated amounts to a reserve, which is part of shareholders' capital. An increase or decrease in unjustified provisions amounts to a distortion of profit.

The IBRO comments come in a paper titled "Banking Prudence: A Discussion Document," which was prepared at the request of the clearers' Banks and Government Steering Committee.

Dealing with the clearers' general provisions, it states: "A general provision for doubtful debts is probably much more in the nature of a reserve than a provision.

"*The point at issue is really* whether it is a provision for losses that are already there . . . or whether it is a provision for losses which can be expected to arise in the future. The two most recent *public statements on clearing* bank bad debt accounting practice—in the banks' Wilson evidence and in the Price Commission report—support the latter view. . . . If abnormal, unexpected loan losses are incurred, the general provision will be available to absorb them, but its function in this respect is *no different from capital; it* should therefore be treated as capital."

News Analysis, Page 7

THE LEX COLUMN

P & O empties its oil tanks

Seasoned observers of the oil scene are full of admiration for the high price that P & O has won for the sale of its U.S. oil and gas interests. The group has provisionally agreed to sell them for the equivalent *of $8.50 per barrel of oil in the* ground—reputedly the highest price seen to date. It is retaining its lucrative U.S. oil trading company, *P & O Falco*, and stands to make a handsome profit on the $131m sale of P & O Oil Corporation. The latter is in the books at a mere $50m.

Once the deal is completed P & O's balance sheet will look in a much healthier shape. It will have raised around £100m this year from the sale of its *energy interests. Add on* another £20m or so for the disposal of Bishopsgate Insurance and one of the gas carriers and P & O's borrowings at the end of the year should be around £300m against £425m at the end of 1978, and shareholders' funds should be close to the £450m mark.

After the traumas of the last *12 months culminating* in the resignation of the former chief executive in March, P & O has just about put its house in order. It is still over-committed in the gas carrier market and plans to sell one of the big LPG carriers and probably one of the smaller vessels as well. However, there is no hurry and the combination of the heavy asset sales plus the improvement in the bulk shipping market has revived the group's fortunes.

The swift recovery has not been missed by the share price which has jumped by over 50 per cent since the Spring during which time the stock market as a whole has fallen by a sixth. At 111p the shares yield 8.4 per cent.

With the benefit of hindsight P and O's management can be *criticised for selling off* too many ships when prices were at rockbottom levels and the decision to sell off the oil interests is open to debate given what has been happening to oil prices. However, P and O has never *hidden the fact that it sees itself* first and foremost as a shipping company and the recent moves have all been aimed a ensuring that it remains one.

Eagle Star/Sunley

The way the property share sector index has skidded by 16 per cent since it reached its 1979 (and all-time) peak less than a month ago *is telling us* something about the underlying state of the property market, but it will no longer disturb shareholders in Bernard Sunley. The takeover deal fixed with Eagle Star on Friday night gives them 630p a share in cash against the year's low point of 252p, and against the net asset value of 375p a share printed in the 1979 annual report which came out at the end of August. The accounts were based primarily on a March 1978 valuation, and property values have, of course, been firm since then. Yet *it is surprising that* a surplus of as much as £55m emerged in the revaluation carried out this August. Given a March 1978 value for the portfolio of a little over £100m the worth of these assets appears to have jumped by more than half in the space of just 17 months.

Still both sides claim to be happy with the basis of the latest valuation, which is by the same valuers (Weatheralls) as before. For Eagle Star it means that some £160m of good quality UK investment properties can be taken into life funds (and to some limited extent general funds) which have tended to be light in direct property investment, because of the group's large involvement with its associates English Property Corporation and Sunley. Whether this should be done on the basis of an August 1979 valuation struck just before the ending of exchange controls widened the horizons of British institutional investors, in property as in equities, is something on which Eagle Star's policyholders and Bernard *Sunley's shareholders may dis*agree.

The arithmetic is that the asset value of Sunley has been agreed at some 690p a share, and 60p has been deducted to allow, on a discounted basis, for contingent capital gains tax liabilities. As an alternative to straight cash, the offer can be taken in the form of loan notes to defer personal gain tax liabilities. As usual the market got it just about right, with the shares suspended at 615p last Wednesday.

BP prospectus

In its anxiety to give *small* investors every chance to apply for BP stock, the Government has accorded the prospectus an initial print run of a million copies, the sort of treatment normally reserved for more sensational *publications*. The prospectus also appears in today's FT. In conjunction with the S-1 circular being issued in the U.S., it makes a useful reference sheet, but little *attempt* is made to elucidate the accounting problems which make it so difficult to assess BP's underlying earnings.

In the London document, BP refers to "realised stock appreciation" as a major factor in the trebling of first half profits *this year*. But *this important* figure — probably around £170m out of net income of £622m—is not given. The U.S. document reproduces earlier data showing that a £325m adjustment is needed if the accounts are to be stated in LIFO rather than FIFO terms, a procedure that would include unrealised stock gains and *over-estimate the impact of oil* price rises on the group's underlying earnings.

The S-1 highlights the growing *divergence between UK and* U.S. accounting principles, which is causing severe problems for groups *like* Royal Dutch/Shell which try to follow common accounting policies. BP sticks to UK principles in its *annual accounts*, and thinks that the application of these "fairly reflects the results of the group." According to BP's UK statements, net income of £622m in the first half of 1979 compared with £206m in the same period last year. On U.S. principles the figures would have been £549m against £41m. The major differences arise in *deferred tax, where U.S. prac*tice is now much more conservative than the UK standard SSAP 15, and of course in currency translation. In its U.S. statement BP has indicated an extra £220m in deferred tax provisions for the first *six* months, but the currency translation adjustment, U.S.-style, happened to be positive to the tune of £138m.

It is curious that the imminence of the BP offer has diverted UK investors from the possibility *of* buying other international oils—after all, they no longer have just a straight choice between BP and Shell. And the impact of the four-for-one share split, giving an unfamiliar price level, distracts attention from the sharp rise that has recently taken place: at £14.52 the offer sounds *decidedly less generous*. This sale, like its 1977 predecessor, may be a fair staging opportunity, and offers a chance to long-term funds to increase their exposure to the oil sector. BP's special feature is its production of some 900,000 barrels a day of crude oil in Alaska and the North Sea, which gives it political appeal. But the shares are not necessarily cheap on a one-year view.

Microchip support scheme cut

BY JOHN LLOYD, INDUSTRIAL STAFF

THE CASH allocation for the Microelectronic Industry Support Programme (MISP) has been cut by at least £15m, and possibly £25m.

The programme was set up by the last Government with a £70m budget to encourage the development and use of semiconductors.

The £10m in doubt represents a *contingency fund, which may* now be spent on an independent project, such as the developing field of optoelectronics.

It is thought that three schemes now awaiting support under MISP will receive aid. *These come from General* Electric, Ferranti and Plessey, each making a claim for about £10m over the next few years.

Other bigger projects are thought to have been withdrawn, mainly for reasons other than their inability to attract Government support.

The U.S. company, National Semiconductor, is also likely to receive aid of about £7m for its £50m expansion programme in Greenock, where it has a small semiconductor plant. Much of that aid, however, will come from money available under Section 7 of the Industry Act, with a small additional sum *from MISP*.

A second Government-supported operation, the Microelectronic Applications Programme (MAP), has retained its original £55m budget intact, after a review. About £15m of *the budget has already been* spent, and a further £5m has been committed.

MAP has two purposes — to increase awareness of microelectronic technology and its use in UK industry, and to *support* projects and innovations with consultancy advice and small grants.

Officials believe it has had some success in both areas, and *that it compares favourably* with what other European Governments are doing.

Recent surveys suggest that *in the past year*, the number of UK companies which know about the latest developments in microelectronics and intend to adopt the technology has grown from 5 per cent in 1978 to 17 per cent. The proportion of *companies which was merely* aware of developments, but had no plans, has fallen from 45 per cent to 33 per cent.

Among the top 1,000 UK companies, the proportion with active plans to exploit microelectronics is 23 per cent (compared with 8 per cent last year). The proportion "merely aware" is 27 per cent (42 per *cent last year*).

The 50 per cent of companies which neither knows about microelectronics, nor cares, has remained static.

The number of *short-term* courses on the impact of microelectronics has increased from 2,500 in 1978 to 5,000 this year. It is expected that there will be about 16,000 next year, and 22,000 in 1981. About 80 organisations in the UK are active in preparing courses.

The consultancy division of the MAP scheme in the Depart*ment of Industry, known* as MAPCON, has processed more than 1,000 new ideas for microelectronic developments. It handles about 30 submissions a week. About 300 ideas have been encouraged to go ahead, and given a grant of £2,000 for a consultant's report.

Between 80 and 90 of the projects are likely to be put into *commercial practice*.

Labour centre shuns 'monitoring'

BY RICHARD EVANS, LOBBY EDITOR

MODERATE LABOUR leaders yesterday sharply rejected the latest attempts by militant Left-wingers to exert substantial control over Cabinet members and *MPs on the party's return to* office.

The plan, which includes a suggestion that the work of Cabinet *Ministers should* be monitored by a team of back-bench MPs, was described as "ludicrously impractical" by one member of the Shadow Cabinet.

Nevertheless, the proposals *drafted* by the Labour co-ordinating committee at a rally of Left-wing activists in Manchester, will be pushed hard *in the coming year as the party's* structure and organisation is reviewed, and they will underline the growing differences between Right and Left.

The Left's five-point plan would also involve the re-selection of Ministers by Labour MPs in a ballot: the vetting of major policy statements by MPs before presentation to Parlia*ment; abolition of the Prime* Minister's power to appoint to nationalised industry boards and other bodies; and the keeping of a register on MPs' voting records.

The beleagured Mr. Callaghan and his moderate colleagues faced criticism on two fronts at the weekend, first from the Left-wing activists for not implementing the recommendations of the party conference, and also from Mr. Reg Prentice, the former Labour Minister who is now Minister responsible for the disabled in Mrs. Thatcher's Govern*ment*.

Mr. Prentice issued a public challenge to Mr. Callaghan to "stop waffling" and put up a real fight against the Left, or quit the leadership. He also urged his former colleagues on the right of the party to follow his lead and defect to the Conservatives.

He said in a speech to Scottish Conservatives on Saturday that the Left could not be faulted for advocating a Marxist society. "The guilty men are the trembling *jellyfish on Labour's Right*-wing. In recent years those that have been prepared to fight can be counted on the fingers of two hands," he added.

Mr. William Rodgers, Shadow *Defence spokesman and one of* the most militant Right-wing leaders, scornfully rejected Mr. Prentice's view in a BBC radio interview and argued that moderates must stay to ensure that the Left did not capture the party.

He remained convinced that there was plenty of room for a moderate Labour Party between *the extremist policies of Mrs.* Thatcher on the Right and Marxists on the Left, and it was this sort of party that most Labour supporters wanted.

He described the monitoring of Ministers' performances by a group of MPs as "a lot of nonsense," and it must not be assumed that the point of view of the Left, articulate though it *was, represented the majority* attitude in the party.

Mr. Prentice's call for defections to the Conservative Party *is unlikely to be fulfilled in any* numbers, but some members of the Shadow Cabinet are increasingly worried that moderate MPs could become sufficiently disenchanted with Labour Party squabbling to resign the whip and sit as independents.

Many back-benchers are openly despairing about the prospects for unity but they are awaiting the outcome of the commission of inquiry in the hope that a *satisfactory* formula for party reform can be hammered out that would maintain the influence and independence *of the Parliamentary Labour* Party.

The next move in the internal conflict will come on Thursday when the National Executive Committee meets. The main item on the agenda is the choice to be made for two important party posts, but the Left-dominated committee is also likely to discuss the pressure *from the Shadow Cabinet and* the PLP for increased representation on the inquiry. The signs are that the reply will be a polite but final rejection.

Howe abandons plan to remove tax changes from Finance Bill

BY DAVID FREUD

CONSERVATIVE plans to *remove technical tax changes* from the Finance Bill and introduce them in a separate taxes management bill, have been dropped *following opposition* from the Inland Revenue. The Finance Bill puts the Budget into legislative terms.

The present arrangement—under which all tax changes, big and small, are brought into an *expanded Finance Bill once a* year—was strongly attacked by Sir Geoffrey Howe, the Chancellor when he was in opposition.

He said in February 1977 that there was no reason "financial legislation should be treated as a rare species with an almost permanently closed season."

He argued that the hurried procedure of the Finance Bill was unsuited for consideration *of complex tax issues and led* to ill-considered and contradictory legislation. The Confederation of British Industry, as well as other outside bodies, strongly supported this line.

However, the Revenue has argued *forcefully* that a separate technical tax bill would over-burden it, leading to the non-stop drafting of new *legislation*.

A further difficulty was that it would be difficult to make the distinction between technical *and financial changes in some* cases.

As a result, Sir Geoffrey is believed to have abandoned his *idea for a separate bill, at least* for the time being.

It is not known whether Sir Geoffrey will now push for greater consultation with outside bodies over tax changes—as he suggested also in his 1977 speech.

He argued that exposure drafts in advance of a Bill's first reading should be pub*lished, giving the opportunity* for interested parties to make representations.

Continued from Page 1

CBI

Profits and Jobs the CBI demonstrates the basis on which it is forecasting that corporate profitability will fall to below 2 per cent next year, judging by past relationships between profitability and investment.

Today's debates in the conference will concentrate mainly on economic problems and on a *main theme of* "the challenge to business." Tomorrow, the balance of power will be debated, including ideas for the strike fund and for proposing labour law changes.

CBI leaders are anxious to strike a balance between the mood of confrontation that might emerge in the strike debates and the co-operation *that they want to generate on* economic problems.

Sir Alex Jarratt, chairman of Reed International, who will be a speaker tomorrow, may try to remove the words "balance of power" from the debates.

"We must conduct our debates on the economic realities and not the language of power," Sir Ray Pennock, who becomes CBI president next year, said last night.

The Business Attitudes Guide is to be produced by Opinion Research and Communication and will cost a company up to £1,000 a year, depending on what information is required. Changes in public opinion will be monitored at regular *intervals on subjects such as* pay, participation, technology and trade union militancy.

Continued from Page 1

Hunterston port

ments for handling traffic will operate."

The agreement was made in discussions between Mr. Bill Sirs, general secretary of the steel union and Mr. Alex Kitson, deputy general secretary designate of the Transport and General Workers' Union, together with other national and local officials. Officials of the corporation and the Clyde Port Authority were in attendance.

The arrangement, which covers about 60 jobs involves the Iron and Steel Trades Confederation manning equipment *and the stockyards* with on-ship jobs going to the Transport and General Workers' Union.

The confederation had always accepted that the on-shop jobs would be done by Transport Workers' dockers, however, and the arrangement appear simply to repeat those at the Glasgow Terminus Quay, which Hunterston replaces.

It represents something of a climbdown for the Transport Workers, although they argue that thir position would be fully secured if Hunterston is made a ful port—the union's principal concern.

Weather

UK TODAY

SHOWERS, heavy and blustery in places.

London, E. England, Midlands
Occasional showers, becoming mainly dry. Max. 12C (54F).

S.E., S.W. Cent. S. England, Channel Isles
Occasional showers, some bright intervals. Wind S.W. to W., fresh or strong. Max. 12C (54F).

N.W. England, Wales, Isle of Man, Glasgow, N. Ireland
Sunny intervals, blustery showers. Wind W., locally gale. Max. 11C (52F).

N.E. England, Edinburgh, Dundee, Aberdeen
Sunny periods, scattered showers. Wind W., fresh or strong. Max. 11C (52F).

Rest of Scotland, Orkney, Shetland
Sunny intervals, blustery showers, perhaps wintry. Wind Westerly, strong or gale. Max. 9C (48F).

Outlook: Changeable. Windy.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	16	61	Lisbon	S	12	54
Algiers	C	16	61	Locarno	F	9	48
Amsdm.	R	13	55	London	C	15	59
Athens	R	12	54	Luxmbg.	R	6	43
Bahrain	S	30	86	Luxor	S	29	84
Barclna.	S	18	64	Madrid	S	19	66
Beirut	S	23	73	Majorca	S	18	64
Belfast	C	9	48	Malaga	S	20	68
Belgrd.	S	5	41	Malta	F	19	66
Berlin	C	8	46	M'chstr	C	11	52
Biarritz	S	17	63	Melbrne	R	26	79
Bmghm.	C	12	54	Milan	S	11	52
Blackpl.	C	10	50	Mntreal.	C	7	45
Bordx.	S	17	63	Moscow	S	−5	23
Boulgn.	R	14	57	Munich	S	6	43
Bristol	R	11	52	Nairobi	S	21	69
Brussels	C	12	54	Naples	F	14	57
Budapst	S	5	41	Nwcstl.	C	9	48
B. Aires	S	23	74	N. York	S	11	52
Cairo	S	24	75	Nice	S	16	61
Cardiff	R	11	52	Nicosia	S	21	70
Cas'b'ca	S	20	68	Oslo	S	9	48
Cape T.	S	19	66	Paris	C	13	55
Chicago	S	8	47	Perth	C	27	81
Cologne	R	10	50	Prague	F	5	41
Cpnhgn.	R	6	43	Reykjvk.	C	3	37
Corfu	R	13	55	Rhodes	S	18	64
Dublin	F	10	50	Rio J'o	C	25	77
Dbrvnk	C	15	59	Rome	S	18	64
Ednbgh.	R	9	48	Salzbrg.	S	7	45
Florence	F	12	54	Singapr.	S	30	86
Frankft.	C	7	45	Stckhm.	C	5	41
Funchal	F	21	70	Strasbg.	C	9	48
Geneva	S	9	48	Sydney	S	22	72
Gibrltr.	S	19	66	Tangier	S	21	70
Glasgow	R	8	46	Tehran	R	10	50
G'msey	C	14	57	Tenerife	S	22	72
Helsinki	C	0	32	Tokyo	C	17	62
H. Kong	S	23	73	Toronto	C	7	45
Innsbrk.	S	6	43	Tunis	C	17	63
Invrnss.	F	7	43	Valencia	F	18	64
I.o.Man	C	10	50	Venice	S	11	52
Istanbul	C	9	48	Vienna	S	6	43
Jersey	R	14	57	Warsaw	F	−1	30
Jo'burg	S	25	77	Zurich	F	7	45
L. Plms.	S	23	73				

C—Cloudy. F—Fair. R—Rain. S—Sunny

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY. © The Financial Times Ltd., 1979.